

1 Thomas G. Foley, Jr., State Bar No. 65812  
tfoley@foleybezek.com

2 Kevin Gamarnik, State Bar No. 273445  
3 [kgamarnik@foleybezek.com](mailto:kgamarnik@foleybezek.com)

4 **FOLEY, BEZEK, BEHLE & CURTIS, LLP**

5 15 West Carrillo Street

6 Santa Barbara, CA 93101

7 Telephone: (805) 962-9495

8 Facsimile: (805) 962-0722

9 Attorneys for James Reed, Carolyn Reed, Charles Prince, Brij Sharma, Bernard Daos,  
10 and as Interim Class Counsel on the Class Action Causes of Action

11 Additional counsel on following page.

12 **UNITED STATES DISTRICT COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**

14 JAMES REED, CAROLYNN REED,  
15 CHARLES PRINCE, BRIJ SHARMA,  
16 and BERNARD DAOS, on behalf of  
17 themselves and all others similarly  
18 situated;

19 *Plaintiffs,*

20 GWENDALYN DOUGLASS As  
21 Trustee of RAYMOND E.  
22 DOUGLASS REVOCABLE TRUST,  
23 Executor of The Raymond E. Douglass  
24 Estate, and as Successor In Interest;

25 *Plaintiff,*

26 V.

27 RELIANT LIFE SHARES, LLC. A  
28 California Limited Liability Company;  
~~RLS FINANCIAL SERVICES, INC.,~~

Case No. 2:23-Cv-08577-SB-AGR (Lead Case)  
Consolidated With Case No. 2:23-Cv-00460 SB  
(Agrx)

Judge Hon. Stanley Blumenfeld, Jr.

**CLASS ACTION**

**SECOND AMENDED COMPLAINT**  
**CLASS CAUSES OF ACTION:**

**Causes of Action Against Reliant Defendants**

1. Negligence Against Reliant Defendants;
2. Gross Negligence;
3. Violation Of Corporations Code §§ 25401 & 25501;
4. Breach Of Fiduciary Duty;
5. Financial Elder Abuse (WIC § 15600 Et Seq.); and

~~A California Corporation~~; RELIANT LIFE SHARES SERIES TRUST, aka RLS Trust, A Trust; RMS TRUST, A Trust; SEAN MICHAELS, An Individual; SCOTT GRADY, An Individual; WILMINGTON SAVINGS FUND SOCIETY, A Federal Savings Bank Doing Business As CHRISTIANA TRUST, Individually And As Trustee; UMB BANK, N.A., A Federally Chartered Bank, Individually And As Trustee; ~~BOU-BANCORP, INC. Doing Business As BANK OF UTAH~~; BANK OF UTAH, Individually And As Trustee; FIRST WESTERN TRUST BANK, A Colorado Corporation, Individually And As Trustee; RLS, Grantor, LLC, A California Limited Liability Company, ANDREW MURPHY, An Individual, And DOES 1-20,

*Defendants.*

**6. Unfair Business Practices (Bus. & Prof Code § 17203 Et Seq.);**  
**Causes of Action against Trustee Defendants**

**7. Negligence**

**8. Gross Negligence**

**9. Breach Of Fiduciary Duty**

**10. Violation Of California Corporations Code § 25504.1**

**11. Aiding And Abetting Breach Of Fiduciary Duty**

**DOUGLASS' CAUSES OF ACTION AGAINST ANDREW MURPHY**

**12. Violation Of Corporate Code §§ 25401 & 25501;**

**13. Breach Of Fiduciary Duty;**

**14. Financial Elder Abuse;**

**15. Selling Unregistered Securities And Insurance; and**

**16. Negligence**

**REQUEST FOR JURY TRIAL**

**FILED UNDER SEAL PURSUANT TO ORDER OF THE COURT DATED MARCH 13, 2024**

1 Richard E. Donahoo, State Bar No. 186957  
rdonahoo@donahoo.com

2 Sarah L. Kokonas, State Bar No. 262875  
3 skokonas@donahoo.com

4 William E. Donahoo, State Bar No. 322020

**DONAHOO & ASSOCIATES, PC**

5 440 West First Street, Suite 101

6 Tustin, CA 92780

7 Telephone: (714) 953-1010

8 Attorneys for James Reed, Carolyn Reed, Charles Prince, Brij Sharma, Bernard Daos and  
9 as Interim Class Counsel

10 John O. Murrin. State Bar No. 75329

[jmurrin@murrinlawfirm.com](mailto:jmurrin@murrinlawfirm.com)

11 **MURRIN LAW FIRM**

12 7040 E. Los Santos Drive

13 Long Beach, CA 90815

14 Telephone: (562)-342-3011

15 Attorneys for Plaintiff Gwendolyn Douglass as Trustee of RAYMOND E. DOUGLASS  
16 REVOCABLE TRUST, executor of Raymond E. Douglass' estate, and as successor in  
17 interest  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

COME NOW Plaintiffs James Reed and Carolynn Reed, Charles Prince, Brij Sharma and Bernard Daos (collectively “Plaintiffs”) on behalf of themselves and all others similarly situated, who complain and allege based on both personal knowledge and information and belief, the Class Action Causes of Action **Nos. 1 through 5** against Defendants RELIANT LIFE SHARES, LLC, RLS GRANTOR, LLC, SCOTT GRADY, RMS TRUST; and SEAN MICHAELS (collectively “Reliant Defendants”), and Class Action Causes of Action **Nos. 6 through 11** against WILMINGTON SAVINGS FUND SOCIETY, a federal savings bank doing business as CHRISTIANA TRUST, individually and as trustee; UMB BANK, N.A., a federally chartered bank, individually and as trustee; BANK OF UTAH, a Utah corporation, individually and as trustee; and FIRST WESTERN TRUST BANK, a Colorado corporation, individually and as trustee (collectively Trustee Defendants”).

In addition, COMES now Plaintiff GWENDALYN DOUGLASS as Trustee of RAYMOND E. DOUGLASS REVOCABLE TRUST, executor of Raymond E. Douglass’ estate, and as successor in interest (“Douglass”) who complains and alleges on both personal knowledge and information and belief against Defendant Andrew Murphy Causes of Action **Nos. 12 through 16** below:

### **JURISDICTION**

1. This case was originally filed in the Los Angeles Superior Court. It was removed to this Court based on subject matter jurisdiction pursuant to the Class Action Fairness Act. 28 U.S.C. §1332(d). 28 U.S.C. §1453. Dkt. 1, p.2.

### **VENUE**

2. The facts and circumstances that give rise to this action occurred in the State of California and in this District. All investors who purchased Reliant Life Shares were required to attest in their Purchase Agreements that they were residents of California, and that they agreed that California law applied to any disputes.

### **THE PARTIES**

#### **Plaintiffs and Their Investments in Reliant’s Investment Program**

1           3.       Plaintiffs James Reed and Carolynn Reed were residents of California at the  
2 time they invested in Reliant Life Shares “life settlement” program. They entered into a  
3 Fractional Life Settlement Purchase Agreement with Reliant Life Shares, LLC  
4 (“Reliant”) on July 29, 2014 and paid \$50,000.00 to acquire an interest in Series 2014-1,  
5 life insurance policy number 60163540. James Reed was over age 65 at the time of  
6 investment. Defendant Christina Trust was the initial trustee of the Reliant trust which  
7 held policy number 60163540. When Christina Trust resigned, Reliant sent the Reeds  
8 notices that at different times both Defendant UMB Bank (“UMB”) and Defendant First  
9 Western Trust Bank (“FWT”) were successor trustees of that trust. Subsequently FWT  
10 acted as trustee of the Series 2014-1 under the Reliant-FWT trust. Having invested in  
11 2014, Plaintiffs James Reed and Carolynn Reed are members of the proposed Class and  
12 members of each of the subclasses and James Reed is one of the members of the Elder  
13 Abuse Subclass. A true and correct copy of the Reeds Purchase Agreement is attached  
14 hereto as **Exhibit GG**.

15           4.       Plaintiff Charles Prince is and was a resident of the State of California at the  
16 time he invested \$50,000.00 in Reliant Life Shares Series MH8921 for policy number  
17 178921 and \$50,000 in Series SJ2361 for policy number US00012361 on April 20, 2022.  
18 Plaintiff Prince was over age 65 at the time he invested in Reliant’s program. Defendant  
19 UMB was the trustee, and is named in Plaintiff Prince’s Purchase Agreement as the  
20 trustee, of the Reliant-UMB trust which held the policies in which he invested. Defendant  
21 UMB as trustee of the UMB trust signed Plaintiff Prince’s Beneficial Interest Certificate.  
22 Plaintiff Prince is a member of the Class and the UMB and BOU subclasses and a member  
23 of the Elder Abuse Subclass. A true and correct copy of the Reeds Purchase Agreement  
24 is attached hereto as **Exhibit HH**.

25           5.       Plaintiff Brij Sharma is and was a resident of the State of California at the  
26 time he invested \$50,000.00 in Reliant Life Shares in policy number MH8921 on October  
27 6, 2022. Plaintiff Sharma was over the age of 65 when he invested in Reliant’s program  
28 and he is a member of the Elder Abuse Subclass. According to Plaintiff Sharma’s

Purchase Agreement, his policy was held in a trust administered by Defendant Bank of Utah (“BOU”) as Successor Trustee. Sharma is a member of the Class and the BOU Subclass and a member of the Elder Abuse Subclass. A true and correct copy of the Reeds Purchase Agreement is attached hereto as **Exhibit II**.

6. Plaintiff Bernard Daos is and was a resident of the State of California. On or about February 13, 2018 invested \$20,000 for a fractional ownership interest in Series HA7233, a sub-trust of the Reliant-UMB Trust, its asset being a life insurance policy on the life of Anita Hacker, issued by ReliaStar Life Insurance as policy no. 4007233 (“Hacker policy”). Daos is member of the Class and the UMB Subclass and BOU Subclass. A true and correct copy of the Reeds Purchase Agreement is attached hereto as **Exhibit JJ**.

7. On or about February 26, 2018 Daos received a Beneficial Interest Certificate from UMB Bank signed by Vice President Douglas Hare of UMB evidencing his ownership interest in the Hacker policy. The face value of the Hacker policy was \$10 million. As will be further alleged, the Hacker policy is one of 13 life insurance policies that were sold on April 20, 2023 to Superior Life Finance, LLC by BOU. Plaintiff Daos was never provided notice by BOU of the dissipation of Series HA7233 assets as required by Section 5.4 (a)(vi) of the Reliant-BOU trust.

8. On or about February 13, 2018, Plaintiff Daos invested \$20,000 for a fractional ownership interest in Series WV4951, a sub-trust of the Reliant-UMB Trust, its asset being a life insurance policy on the life of Vivian Waldman, issued by Nassau Life Insurance Company as policy no. 97404951 (“Waldman policy”). On or about February 26, 2018 Daos received a Beneficial Interest Certificate signed by UMB Bank Vice President Douglas Hare evidencing his ownership interest in the Waldman policy. The face value of the Waldman policy was \$4.5 million. The Waldman policy is one of the 13 policies sold to Superior Life Finance, LLC by BOU as trustee of the trust on or about April 20, 2023. Plaintiff Daos was never provided notice by BOU of the dissipation of Series WV4951 assets as required by Section 5.4 (a)(vi) of the Reliant-BOU trust.



1 the trusts in which trust assets including the insurance policies and investors' funds were  
 2 deposited in operating accounts and premium reserve accounts ("PRA"), were held and  
 3 of which each investor was a beneficiary.

4 12. Defendant RLS, Grantor, LLC is purported to be a California limited liability  
 5 company as reflected in the most recent Reliant trust agreement entitled Second Amended  
 6 and Restated Agreement and Declaration of Trust dated effective as of March 16, 2023.  
 7 (**Exhibit CC**) However, there is no record with the California Secretary of State of RLS  
 8 Grantor, LLC as being registered as a limited liability company in the State of California.  
 9 Plaintiffs are informed and believe that RLS Grantor, LLC is a sham entity formed by  
 10 Defendant Scott Grady to act as a shell company and alter-ego of Reliant for the purpose  
 11 of engaging in the Superior Life Finance transaction in March and April 2023, directing  
 12 BOU to sell policies to Superior Life Finance, and was also created specifically to conceal  
 13 the proceeds of that sale from investors and judgment creditors, including but not limited  
 14 to Daniel B. Cooper, a former owner of Reliant who obtained a large judgment in 2019  
 15 and amended in 2020, against Defendants Reliant, Grady and Michaels as further  
 16 described herein.

17 13. During relevant times herein alleged, between on or about 2013 thru June 15,  
 18 2015, Wilmington Savings Fund Society, FSB dba Christiana Trust ("Christiana Trust")  
 19 is and was a federal savings bank that acted as the trustee for the Reliant Trust, the  
 20 transactions between Reliant and investors, and accepted investors funds to be used to  
 21 purchase a fractionalized interest in life insurance policies. On Reliant's website and in  
 22 its marketing materials Reliant held Christiana Trust out as an institutional independent  
 23 bank trustee which duties included, but were not limited to, accepting investment funds,  
 24 manage premium reserve accounts, make payments to carriers, and to distribute policy  
 25 benefits to each of the investors upon policy maturity. A copy of Reliant's website  
 26 touting Defendant Christiana Trust as escrow agent and trustee is attached hereto as  
 27 **Exhibit A.**

28 14. Defendant UMB Bank, n.a., ("UMB") is a national banking association

1 headquartered in the State of Missouri. On June 15, 2015 after Christina Trust resigned,  
2 UMB executed an Agreement and Declaration of Trust with Reliant as Grantor which  
3 appointed UMB as the trustee of the Reliant Trust. (“Reliant-UMB Trust”). A true and  
4 correct copy of that trust agreement is attached hereto as **Exhibit B**. UMB acted as the  
5 trustee of the Reliant-UMB Trust from on or about June 15, 2025 until UMB’s resignation  
6 became effective June 29, 2022.

7 15. Defendant First Western Trust Bank (“FWT”) is headquartered in Colorado.  
8 On June 16, 2015 FWT executed an agreement entitled "Reliant Life Shares Series  
9 Statutory Trust 2 Agreement and Declaration of Trust" with Reliant as Grantor which  
10 agreement appointed FWT as the trustee of the Reliant 2 trust. (“Reliant-FWT Trust”) A  
11 copy of the Reliant-FWT Trust agreement is attached hereto as **Exhibit C**. FWT acted as  
12 the trustee of the Reliant-FWT Trust from on or about June 16, 2025 until FWT’s  
13 resignation became effective December 21, 2022.

14 16. Defendant Bank of Utah (“BOU”) is a national bank headquartered in Utah.  
15 On or about December 1, 2014 BOU entered into a trust agreement as trustee with Reliant  
16 as Grantor for a Series known as GN4954 (“Reliant GN4954 Trust”). A true and correct  
17 copy of the Reliant GN4954 Trust agreement is attached hereto as **Exhibit D**. BOU acted  
18 as trustee of the Reliant GN4954 Trust from December 1, 2014 thru all relevant times  
19 alleged herein.

20 17. On June 29, 2022, upon the resignation of UMB as trustee of the Reliant-  
21 UMB Trust, BOU entered into a tri-party agreement with Reliant and UMB to act as the  
22 “successor” trustee to the Reliant-UMB trust pursuant to an Instrument Of Termination,  
23 Appointment And Acceptance dated 06/29/2022. A copy of that trust agreement is  
24 attached hereto as **Exhibit E**. BOU has acted as successor trustee on the Reliant-UMB  
25 Trust since June 29, 2022.

26 18. On December 21, 2022, upon the resignation of FWT as trustee of the  
27 Reliant-FTW trust, Reliant appointed BOU as the successor trustee. A copy of the  
28 Instrument Of Termination, Appointment And Acceptance dated as of 12/21/2022 is

1 attached hereto as **Exhibit F**. BOU has acted as successor trustee on the Reliant-FWT  
2 Trust since June 29, 2022.

3 19. Defendant Scott Grady (“Grady”) is a resident of the State of California and  
4 President of Reliant.

5 20. According the State Bar of California website, Grady had several complaints  
6 filed against him resulting in Orders that he was ineligible to practice law in 2001, 2003,  
7 2004, 2006, 2008, and he was permanently disbarred on July 10, 2009. Defendant Sean  
8 Michaels was also a founder of Reliant with Grady and Daniel B. Cooper.

9 21. Defendant Sean Michaels was an owner of Reliant who subsequently sold his  
10 interest in Reliant to Grady in February of 2018 for \$1.5 Million.

11 22. Plaintiffs are unaware of the true names and capacities of DOE Defendants  
12 sued herein as DOES 1-20, and therefore sue those Defendants by such fictitious names.  
13 Plaintiffs will seek leave to amend this Second Amended Complaint (“SAC”) to allege  
14 their true and accurate names and capacities when ascertained.

15 **CLASS ACTION ALLEGATIONS**

16 23. Plaintiffs allege the existence of an ascertainable class, and specific  
17 subclasses, of all those similarly situated defined as:

18 All persons, trusts, or entities which invested in a life settlement  
19 investment by or thru the Reliant Defendants between 2011 and  
20 2023. Excluded from the Class are any entities or persons  
21 associated or identified with Reliant Defendants or their officers  
22 and directors or within the network of their related companies.  
23 (“the Class”).

24 24. **Christiana Subclass**. A subclass of the Class is defined as all persons who  
25 were investors in a life settlement investment by or thru Reliant during the time when  
26 Defendant Christina Trust acted as a trustee of the Reliant Life Shares Series Statutory  
27 Trust. When Reliant sent capital call letters to the Reeds to fund additional money to pay  
28 premiums they were directed to send their checks to Defendant FWT as the trustee of

1 Series 2014-1. Plaintiffs James Reed and Carolynn Reed will serve as the class  
2 representatives for the Christiana Subclass.

3 25. **UMB Bank Subclass.** A subclass of the Class is defined as all persons who  
4 were investors in a life settlement investment by or thru Reliant during the time when  
5 Defendant UMB acted as a trustee of the Reliant Life Shares Series Statutory Trust dated  
6 as of June 15 2015. Plaintiff Charles Prince and Plaintiff Bernard Daos invested in Reliant  
7 Life Shares when Defendant UMB Bank served as trustee of the Reliant Trust and both  
8 will serve as the class representatives for investors in the UMB Bank subclass..

9 26. **Bank of Utah Subclass.** A subclass of the Class is defined as all persons who  
10 were investors in a life settlement investment by or thru Reliant during the time when  
11 Defendant BOU acted as a trustee of the Reliant trusts. Plaintiffs James Reed, Carolyn  
12 Reed, Charles Prince, Brij Sharma and Bernard Daos were investors during the time that  
13 BOU served as a trustee of the GN4954 trust, or served as successor trustee of the Reliant-  
14 UMB Trust, or served as successor trustee of the Reliant-FWT Trust or when BOU was  
15 the trustee of the Seconded Amended and Restated Agreement and Declaration of Trust  
16 dated as of March 16, 2023.

17 27. **First Western Trust Bank Subclass.** A subclass of the Class is defined as  
18 all persons who were investors in a life settlement investment by or thru Reliant when  
19 Defendant FWTB acted as a trustee of the Reliant Life Shares Series Statutory Trust.  
20 Plaintiffs James Reed and Carolyn Reed were investors in Series 2014-1 when FWTB  
21 was a trustee on or about June 16, 2025 and FWTB acted as a trustee of the Reliant-  
22 FWTB trust.

23 28. **Elder Abuse Subclass.** A subclass of the Class, and each Subclass, is defined  
24 as all persons who were 65 years or older at the time they invested. (“the Elder Abuse  
25 Subclass”) Plaintiff James Reed, Charles Prince, and Brij Sharma were all over the age  
26 of sixty five (65) at the time of their investment in Reliant Life Shares, and will serve as  
27 the class representatives of the Elder Abuse Subclass.

28 29. Plaintiffs are informed and believe based on the Reliant Receiver’s pleadings

1 before the state court in the receivership proceeding that there are 1,700-2,000 members  
2 of the Class. The members of the Class are so numerous that joinder of all members is  
3 impracticable. The exact number of Class members and their identify of all such members  
4 is unknown to Plaintiffs at this time but can be ascertained through appropriate discovery.

5 30. Plaintiffs' claims are typical of the claims of the members of the Class and  
6 the Subclasses as all members of the Class and Subclasses are similarly affected by  
7 Reliant Defendants' conduct as alleged herein, which Defendants Christiana, UMB,  
8 BOU, and FWT aided and abetted.

9 31. Plaintiffs will fairly and adequately protect the interests of the members of  
10 the Class and Subclasses and have retained counsel competent and experienced in class  
11 and securities litigation. Plaintiffs have no interests antagonistic to or in conflict with  
12 those of the Class.

13 32. Common questions of law and fact exist as to all members of the Class and  
14 subclasses and predominate over any questions solely affecting individual members of  
15 the Class and subclasses. Among the questions of law and fact common to the Class are:

- 16 (i) Whether written statements in Defendant Reliant's marketing  
17 materials contained misleading statements, misrepresentations of fact  
18 or the omission of a material fact, inducing investors to invest in the  
19 Reliant investment program;
- 20 (ii) Whether Christiana, UMB, BOU or FWT aided and abetted Reliant  
21 Defendants' inducement of investors by their knowledge of the  
22 Reliant Defendants' conduct and by substantial assistance or  
23 encouragement by permitting Reliant to market its program based on  
24 the credibility of the financial institutions acting as trustee;
- 25 (iii) Whether Reliant Defendants breached duties to the Class and each  
26 subclass by (1) commingling trust funds and using investor trust funds  
27 for unauthorized purposes; (2) directing trustees in Direction Letters  
28

1 to transfer, and therefore dissipate, trust funds by wiring funds to  
2 Reliant's bank account, or to other third parties, including to alter-egos  
3 of Scott Grady, to judgment creditors of Reliant, to attorneys of Reliant  
4 or judgment creditors, or to others, thereby depleting trust funds,  
5 including reserves held in trust for payments of premiums, without the  
6 investors' knowledge, in violation of the trust agreements; (3)  
7 requesting trustees to transfer investor trust funds from one sub-trust  
8 Series to other sub-trust Series in violation of the trust agreement  
9 without disclosure to the investors as required by the trust agreement;

10 (iv) Whether Christiana, UMB, BOU or FWT aided and abetted Reliant  
11 Defendants' breach of duties by their knowledge of the Reliant  
12 Defendants' conduct and by substantial assistance or encouragement;

13 (v) Whether Reliant Defendants looted the trust accounts on deposit with  
14 the Trustee Defendants by making demands on the trustees to wire  
15 money to Reliant for alleged "reimbursement" or for alleged "Policy  
16 Servicing Fees" or "Policy Costs" or alleged "Premium Finance  
17 Reimbursement," which depleted trust funds such that Trustee  
18 Defendants could not make premium payments on policies held by  
19 each trustee in trust for the benefit of the beneficiaries of each trust.

20 (vi) Whether Christiana, UMB, BOU or FWT aided and abetted Reliant  
21 Defendants' breach of duties in the preceding paragraph by their  
22 knowledge of the Reliant Defendants' conduct and by substantial  
23 assistance or encouragement;

24 (vii) Whether Christiana, UMB, BOU or FWT Christiana, UMB, BOU, and  
25 FWT owed each member of the Class and Subclass who were  
26 beneficiaries of the trusts administered by Christiana, UMB, BOU, and  
27 FWT a fiduciary duty under California law;

28 (viii) Whether Defendants Christiana, UMB, BOU, or FWT breached their

1 fiduciary duties to members of the Class and the Subclasses based on  
2 California law by knowingly dissipating trust assets without written  
3 disclosure to each beneficiary as required by the trust agreements;

4 (ix) Whether Reliant Defendants, or Defendants UMB, BOU, and FWT  
5 engaged in business practices that violate California's unfair  
6 competition law. (Bus. & Prof. Code §17203 et seq.)

7 33. A class action is superior to all other available methods for the fair and  
8 efficient adjudication of this controversy since joinder of all members is impracticable.  
9 Furthermore, as the damages suffered by individual Class members may be relatively  
10 small, the expense and burden of individual litigation make it impossible for members of  
11 the Class to individually redress the wrongs done to them. There will be little difficulty  
12 in the management of this action as a class action.

### 13 GENERAL ALLEGATIONS

14 34. From on or about 2013 Defendant Reliant sold investments to investors who  
15 resided in California structured as "life settlements" up until August of 2023 when a  
16 receiver was appointed to take over management of the company. California Insurance  
17 Code Sections 10113.1 through 10113.3 state that all life settlement brokers and providers  
18 are required to obtain a license from the California Insurance Commissioner to transact  
19 life settlement business in California and are subject to both licensing and consumer  
20 disclosure requirements. Code Sections 10113.1 through 10113.3 apply to all life  
21 settlement transactions beginning on July 2, 2010.

22 35. Based on a review of licensed Life Settlement Brokers and Providers on the  
23 Department of Insurance's website, Plaintiffs are informed and believe that Defendant  
24 Reliant has never been licensed to transact life settlement transactions in California and  
25 operated unlicensed in violation of California law.

### 26 "HOW WE EARN INVESTOR CONFIDENCE THROUGH OUR STRUCTURE"

27 36. Reliant marketed its investment program by touting its "trust structure"  
28 identifying defendants Christiana, UMB and BOU as experienced trustees of life

1 settlement trusts on its website and by including pages of executive profiles and implicit  
2 endorsements by Defendants UMB and BOU in its Brochures, including large color  
3 photos and profiles of the banks and their CEO's overseeing billions in assets. A copy of  
4 Reliant's Brochure is attached **Exhibit G**. A copy of Reliant's reference to UMB in its  
5 marketing brochure is at **Exhibit G**, pages 30-40. A copy of Reliant's website touting  
6 Defendants UMB and BOU as trustees are attached hereto as **Exhibit H** and **I**,  
7 respectively.

8 37. On its website Reliant made uniform misrepresentations regarding how its  
9 trust structure using UMB and BOU as escrow account holders and trustees  
10 "safeguarded" investors' funds by appointing UMB and BOU as trustees. "In order to  
11 ensure safekeeping of the assets placed in trust, Reliant Life Shares as authorized UMB  
12 to act as custodian and trustee, with sole signatory authority on this account." (**Exhibit**  
13 **H**) An identical description touting BOU as a trustee was featured on Reliant's BOU  
14 website.

15 38. At least one of the trustees, UMB, actively monitored Reliant's website. In  
16 June of 2016, Defendant UMB's Compliance Department reviewed Reliant's website,  
17 which touted UMB as acting as trustee of the UMB trust. UMB requested Reliant to  
18 make changes to its website, which changes Reliant made as is confirmed in **Exhibit J**  
19 attached hereto. Plaintiffs are informed and believe that UMB was aware of the references  
20 to UMB on Reliant's website and allowed Reliant, at all times, to continue represent that  
21 UMB, as trustee of the UMB trust, would "safeguard" their assets as the sole signatory  
22 on UMB's trust accounts.

23 39. The statement that Reliant's trustees had "sole authority" as trustee was a  
24 deceit as described in Civil Code section 1710 in that it was a suggestion of a fact of that  
25 which is not true by one who does not believe it to be true. It was also a suppression of a  
26 fact by one who gives information of other facts which are likely to mislead for want of  
27 communication of that fact. The true facts (undisclosed to investors) were that in Section  
28 4.1 (e) of each Reliant trust agreement provided that the trustees could not make any

1 payments of any nature, including payments of premiums on policies held by UMB, BOU  
2 and FWT as trustees, except as directed by Reliant as the Grantor.

3 40. Further, the statement was a deceit in that, in truth, UMB and BOU did not  
4 act to “safeguard” investor funds from the wrongdoing of Reliant and Grady, nor  
5 questioned any of the Direction Letters emailed by Reliant and Grady requesting trust  
6 funds be wired to Reliant or other third parties. As will be explained in further detail  
7 below, and in the exhibits to be referenced below, UMB and BOU systemically allowed  
8 Reliant and Grady to improperly dissipate the trust assets held in their institutions.  
9 Beginning at least as early as January 2, 2019 Reliant sent Direction Letters to UMB,  
10 including to UMB Relationship Manager Scott Mathews, and to BOU, including to BOU  
11 manager Tammy Glover, directing the trustees to wire funds from trust account.  
12 Hundreds of transactions were directed to UMB and numerous others to BOU and FWT.  
13 The Direction Letters instructed UMB to wire trust funds to Reliant’s bank account, or to  
14 third parties, or to other trusts, in contradiction of the trust agreement. Under information  
15 and belief, after review of thousands of pages documents, including hundreds of Direction  
16 Letters, UMB nor BOU questioned any of the Direction Letters and routinely wired funds  
17 wherever Reliant directed. As a result, millions of dollars of trust funds were depleted  
18 from trust accounts. Similar, though fewer, “red-flag” transactions occurred FWT giving  
19 FWT notice that Reliant was improperly commingling investor funds.

20 41. After BOU became successor trustee in 2022 of all Reliant trusts, BOU  
21 knowingly participated in a sham amendment of the trust and a sale of 13 of the policies-  
22 all trust assets- resulting in huge losses to the investors. Further specific allegations as to  
23 each trustee are set forth below.

24 42. Neither Reliant nor trustees UMB, BOU or FWT provided a copy of their  
25 respective trust agreements to investors. Instead, in Section 4.6(g) of each trust identical  
26 trust agreement, agreements appointing UMB, BOU and FWT as trustee, it stated that if  
27 a beneficiary wanted to “examine” a copy of the trust agreement of which they were a  
28 beneficiary, the Beneficiary had to go to the trustee’s office. UMB’s office is in Kansas

1 City, Missouri, BOU's office is in Ogden, Utah, and FTW's office is in Los Angeles.

2 43. Defendants UMB, BOU and FWT each issued an identical Beneficial Interest  
3 Certificates ("Certificate") signed by the trustee and provided to each beneficiary who  
4 purchased a fractionalize interest in a policy in the UMB trust, the BOU trust and the  
5 FWT; a copy of that standard uniform Certificate from Plaintiff Sharma is attached hereto  
6 as **Exhibit L**.

7 44. Reliant defendants misled potential investors by failing to disclose that they  
8 were unlicensed to engage in sales of life policies in California.

9 45. Reliant, Grady and Michaels misled potential investors about material facts  
10 in the marketing brochure Reliant provided to salespersons to provide to potential  
11 investors, including, *inter alia*, the investors' likely annual return when the insured who  
12 sold his or her policy died. The earliest public knowledge of Reliant's misrepresentations  
13 to investors was on December 14, 2022 when the California Department of Financial  
14 Protection and Innovation ("DFPI") issued a Desist and Refrain Order to Reliant  
15 ("Order"). That Order stated:

16 Based on the forgoing findings, the Commissioner is of the  
17 opinion that Reliant offered or sold securities in California by  
18 means of oral and written communications which included  
19 untrue statements of material facts or omitted to state material  
20 facts necessary in order to make the statements made, in the light  
21 of the circumstances under which they were made, not  
22 misleading, in violation of Corporations Code section 25401. A  
23 true and correct copy of the Desist and Refrain Order is attached  
24 hereto as **Exhibit K**.

## 25 **THE COOPER LITIGATION AND COLLAPSE OF RELIANT**

26 46. In December of 2015 Reliant, Grady and Michaels filed a complaint with the  
27 Los Angeles Superior Court against a third owner of Reliant, Daniel B, Cooper. (*Reliant*  
28 *et al v. Cooper*, Case Number BC604858 (the "Cooper Litigation ") Cooper filed a cross

1 complaint against Reliant, Grady and Michaels. Cooper prevailed and in 2019 obtained a  
2 judgment against Reliant, Grady and Michaels. After amendments the 2020 judgment  
3 was in excess of \$10 million.

4 47. In April 2023 the judgment was affirmed on appeal. It was found that Grady  
5 and Michaels “used the corporate coffers of Reliant as their own personal piggy banks.”  
6 (*Reliant v. Cooper* (2023) 90 Cal App 5<sup>th</sup> 14, 19) “The jury heard evidence of millions of  
7 dollars that the other members funneled from the LLC to themselves and the entities they  
8 owned, of one member’s extravagant lifestyle purchasing of luxury cars, expensive  
9 jewelry, renting a mansion for \$20,000 per month and the like.” (Id at 15) The person  
10 who rented the mansion for \$20,000 per month was Scott Grady.

11 48. As explained by the Court of Appeal, “[i]t turned out that a considerable  
12 amount of evidence was admitted about specific dollar amounts—in many millions of  
13 dollars—that Michaels and Grady looted from Reliant and took as their own personal  
14 assets. . . During the liability phase of the trial, the jury was provided the court’s findings  
15 including that Michaels and Grady and their respective entities received at least \$11.7  
16 million in payments and distributions based on their position as owners of Reliant as of  
17 December 31, 2018.” (Id at 47.) “The jury saw evidence that Reliant’s annual net income  
18 for 2017 and 2018 was more than \$3 million and \$3.2 million, respectively, with more  
19 than \$13 million in revenue each year.” (Id at 47.)

20 49. Judge Cotton in the Cooper Litigation made Conclusions of Law that (i)  
21 because of funds withdrawn by Grady and Michaels, Reliant suffered a “lack of  
22 capitalization” (Conclusions 12, 13); (ii) in 2018 Grady had diverted so much money  
23 from Reliant that the company had to withdraw funds from “savings accounts” to pay its  
24 monthly expenses (Conclusion 53); and, (iii) Judge Cotton awarded Cooper attorneys’  
25 fees in the amount of \$1,021,620.42 (Conclusion 7). A copy of Judge Cottons  
26 Conclusions is attached as **Exhibit KK**.

27 50. Documents only produced by UMB in this litigation in January 2024 now  
28 confirm that the money that Judge Cotton referenced in his Findings of Fact and

1 Conclusions of Law as being money taken by Michaels and Grady from Reliant, and what  
2 the Court of Appeal described as “looting” by sending money to Michaels’ and Grady’s  
3 alter ego entities (Finding 56, Conclusion 12), paying attorneys’ fees to both Reliant’s  
4 and Cooper’s attorneys’ fees in the Cooper Litigation (Finding 61), and withdrawing  
5 money from “savings accounts” to fund Reliant’s ongoing operating costs (Finding 53),  
6 was actually investors’ funds held in UMB’s trust accounts that UMB distributed at  
7 Grady’s direction to benefit Reliant, Grady and Michaels. As further set forth in  
8 paragraphs below, Plaintiffs, and each of them, were not aware of the misappropriation  
9 of trust funds until August 15, 2023 when the Receiver’s Ex Parte Application was  
10 discovered filed in the Cooper Litigation. A copy of the Receiver’s August 14, 2023 Ex  
11 Parte Application is attached as **Exhibit M**.

12 51. Plaintiff investors were unaware of the Cooper Litigation or the judgments  
13 entered thereon. Neither Reliant Defendants nor UMB, BOU or FWT informed investors  
14 of the Cooper Litigation or the judgment and amended judgment entered.

15 52. Following entry of judgment in the Cooper Litigation, judgment creditor  
16 Cooper engaged in aggressive post-judgment collection proceedings that continued  
17 through 2023. On or about June, 2023 a receiver, Christopher Conway, was appointed as  
18 limited receiver of Reliant. On August 2, 2023 the receivership was expanded and  
19 enlarged to a full receivership. In the Receiver’s first filing of August 14, 2023, an  
20 “emergency” ex parte (**Exhibit M**), it was publicly revealed for the first time that, not  
21 only was Reliant in financial distress, but the trust accounts had been depleted and the  
22 entire \$177 million insurance portfolio was in “dire” risk of collapse for non-payment of  
23 premiums and that 8 of the 37 policies had lapsed without ability to reinstate. As a result  
24 of the depletion of the trust funds, and the lapse of the policies, more than \$50 million in  
25 life insurance policies has been lost. According to the Receiver’s filing of December 22,  
26 2023 to the state court, Reliant Defendants’ misappropriation, including commingling of  
27 trust funds, and damage to the investors, is so massive that the only equitable way to  
28 proceed is “pool” all remaining trust assets (including the remaining life policies) into a

1 single fund. A copy of the Receiver's December 22, 2023 report is attached hereto as  
2 **Exhibit N.** (See **Exhibit N**, 3:5-11)

3 **COMMON PROVISIONS OF THE TRUST AGREEMENTS**

4 53. The separate original trust agreements in which Reliant appointed UMB,  
5 BOU and FWT as trustees of each of the respective trusts were substantially the same,  
6 except for the name of the trustee. Each of the investors are Beneficiaries of the Reliant  
7 trusts. The trust agreements include a provision that allow the trustee to decline to engage  
8 in wrongdoing: Section 4.9 of each Reliant trust agreement states:

9 Trustee's Right Not to Act. Notwithstanding anything to the  
10 contrary contained herein, the Trustee shall have the right to  
11 decline to act in any particular manner otherwise provided for  
12 herein if the Trustee, being advised by counsel, determines in  
13 good faith that such action may not lawfully be taken or may  
14 subject it to personal liability or would be unduly prejudicial to  
15 the rights of the Grantor or any Beneficiary; and provided  
16 further, that nothing in this Agreement shall impair the right of  
17 the Trustee to take any action deemed in good faith proper by it  
18 hereunder.

19 54. The trust agreements also contain a common provision in Section 5.4(a)(vi)  
20 of each Reliant trust agreement that requires the trustee to give written notice when trust  
21 assets within a "Series"<sup>1</sup> are dissipated:

22 The duties of the Trustee shall include, among other things, in  
23 accordance with this Agreement:

24 . . .

25 (vi) **providing written notice to the Beneficiary of a Series and**

26  
27 <sup>1</sup> As further alleged, each of the life policies sold to investors were identified in the trust  
28 agreements as a "Series" and sub-trust accounts were segregated for each "Series" to provide  
that investor funds were only commingle with co-owners of the same life policy.

1           **any applicable servicer of any disposition of any Trust Assets**  
2           **of such Series;** (Emphasis added.)

3           55. There were no provisions in the trust agreements which permit the trustee to  
4 wire, dispose, dissipate or otherwise transfer funds from Reliant trust accounts except as  
5 permitted under the trust agreements. Further, as set forth above, under each of the  
6 identical trust agreements, written notice was required to the Beneficiary of a Series of  
7 any disposition of trust assets of that Series. Plaintiffs are informed and believe that the  
8 purpose of this provision was to protect the Beneficiary from instances when the Grantor  
9 or trustee seeks to transfer investor funds from a trust sub-account for a Series to another  
10 sub-account of another Series within the same trust. This required the trustees to give  
11 written notice to the Beneficiary of the Series that funds were being dissipated.

12           56. Plaintiffs are informed and believe that this provision of the trusts was  
13 designed to prevent investors from being the subject of the type of comingling or Ponzi-  
14 type schemes whereby funds are transferred out improperly without the Beneficiaries'  
15 knowledge. It was more than trivial term, but was a material term, given that an investor  
16 invests in a specific life policy, and invests years of premium reserves to be "safeguarded"  
17 in a segregated trust account, solely for the payment of premiums for the specific policy  
18 in that specific sub-account or "Series."

19           57. In addition, the Reliant trust agreements did not authorize one Reliant trust  
20 to wire, dispose, dissipate or otherwise transfer funds from one Reliant trust to another  
21 Reliant-related trust controlled by another entity. Such would also be an unpermitted  
22 disposition of "Trust Assets of such Series."

23           58. The Reliant trust agreements did not authorize Reliant or the trustee to sell  
24 the trust assets without written notice to the Beneficiaries.

25           **RELIANT DIRECTS TRUSTEES TO SEND TRUST ASSETS TO RELIANT**  
26           **AND ENGAGES IN PREMIUM CALLS**

27           59. As will be further alleged in detail below, documents produced by UMB,  
28 BOU and FWT confirm that Reliant Defendants wrongfully directed the three trustees to

1 distribute funds from their trust accounts for purposes other than paying premiums on the  
2 policies held by each trust.

3 60. Plaintiffs allege that, beginning at least as early as January 2, 2019 Reliant  
4 and Grady sent “Direction Letters” to UMB Bank directing UMB to wire trust funds in  
5 irregular and atypical transactions including to wire funds directly to Reliant which was  
6 used for Reliant’s operating expenses, or to fund Grady’s extravagant lifestyle. Other  
7 Direction Letters directed UMB to make payments to Reliant’s alter ego entities, to pay  
8 legal fees, including but not limited to the opposing parties’ attorneys’ fees in the Cooper  
9 Litigation.

10 61. As a result of hundreds of transactions set forth in Direction Letters between  
11 2019 and 2022, trust accounts at UMB, BOU and FWTB became depleted. When there  
12 were insufficient funds in FWT’s premium reserve accounts to pay premiums on policies  
13 in FTW’s trust, Grady and Reliant sent a series of Direction Letters to both UMB and  
14 BOU to wire funds to FTW’s premium reserve accounts to enable FTW to make premium  
15 payments on policies in FTW’s trust. Ultimately as a result Reliant’s demand that trust  
16 funds be sent to Reliant’s bank account and because of transfers to third parties and to  
17 other trusts from UMB’ and BOU’s trust accounts, the Reliant-UMB trust, holding 30 of  
18 the 37 policies did not have enough funds in the premium reserve accounts to make  
19 premium payments on the insurance policies held in the trusts. As a result in between  
20 2019 and 2023 Reliant and Grady directed at least scores, if not hundreds of transfers  
21 from one Series to another in the same trust, or from one trust to another. The massive  
22 comingling resulted in investor funds being dissipated without each Series Beneficiaries’  
23 knowledge, in violation of the trust agreements.

24 62. When UMB and BOU trust funds were wrongfully depleted, Grady would  
25 send premium or “Capital Call Letters” to beneficiaries of the UMB trust, the BOU trust,  
26 and the FWT trust demanding that the beneficiaries send more money to make premium  
27 payments on the policies in which they had a fractionalized ownership interest, or they  
28 would forfeit their original investment and their fractionalized interest would be sold by

1 Reliant to other investors.

2 63. When Grady's plan to raise funds by Capital Calls from Beneficiaries failed  
3 because investors would not send more money, Grady then caused Reliant to sell their  
4 interests in the policies they had invested in to other investors.

5 64. As further detailed below, by April 2023, when Grady failed to raise enough  
6 money to pay premiums, Grady and BOU entered into a transaction to sell 13 policies  
7 with face values totaling \$52.9 million to Superior Financial, LLC ("Superior Financial")  
8 for only \$3.2 million. To do this Grady and BOU entered into a sham agreement with an  
9 alter-ego created by Grady to act as "successor Grantor". Because of Reliant and Grady's  
10 conduct in depleting the trust accounts from the UMB trust and the sale of trust assets by  
11 BOU at least eight (8) insurance policies held in the trusts with a total face value of  
12 \$53,372,836 lapsed and could not be redeemed. Further detail regarding the Superior  
13 Life Finance transaction is set forth in specific facts re BOU below.

14 65. As alleged below, Defendants UMB, BOU and FWT, and each of them, aided  
15 and abetted Reliant Defendants in wrongful conduct by providing substantial assistance  
16 with knowledge of the wrongful conduct depleting of the trust accounts. Rather than  
17 safeguarding the funds the trustees commingled and dissipated trust funds, including  
18 exchanging trust funds with one another, without notice to the investor Beneficiaries.  
19 BOU did the same and ultimately sold over \$50 million in investors' assets (13 policies)  
20 for \$3.2 million in a transaction without written notice to the investor Beneficiaries. FWT  
21 was party to multiple transactions that put it on notice that Reliant and Grady were taking  
22 from trust accounts from one trust or one Series to pay premiums of other trusts or Series,  
23 giving knowledge of wrongful depletion of trust assets.

24 66. Had Reliant's wrongdoing been exposed and stopped at its inception, and the  
25 trust funds truly "safeguarded" by the trustees, Plaintiff would not have suffered the full  
26 impact of the harm. Plaintiff Prince and Plaintiff Sharma invested in 2022 and would not  
27 have invested at all had Defendants' conduct been known. Because of the massive  
28 commingling, as further alleged herein, and the loss of 1/3 of the value of the entire

1 portfolio, all investors have been harmed.

2 67. The Reliant receiver now asserts that, given the massive comingling of  
3 investor funds, the only equitable way to proceed and attempt to save the remaining value  
4 of the portfolio, is to “pool” all assets into a single fund and work to stabilize the portfolio.  
5 (Exhibit N, 3:5-11)

6 **ADDITIONAL SPECIFIC FACTUAL ALLEGATIONS AGAINST DEFENDANT**  
7 **UMB BANK**

8 68. UMB served as trustee of the UMB trust for approximately seven (7) years,  
9 from June 15, 2015 to June 29, 2022. According to the materials UMB provided to Reliant  
10 to include in Reliant’s Brochures, UMB is a sophisticated institutional trustee familiar  
11 with life settlement trusts and the risks associated with them.

12 69. The original Relationship Manager (“RM”) of UMB’s trustee program for  
13 Reliant was Doug Hare. Later Vice President K. Scott Mathews (“Mathews”) took over  
14 as RM in 2018. As RM, Mathews had routine day-to-day contact with Reliant and others  
15 including “servicers” involved in Reliant’s operations. Mathews also had periodic  
16 communications with investors by email and telephone. Mathews had access to all of  
17 UMB’s data related to the individual investors and all communications between Reliant  
18 and the investors who had an interest in the policies held in the UMB trust, and  
19 periodically spoke himself with Reliant investors. In addition to his own email address  
20 of [REDACTED], he received and responded to an email address set up at  
21 UMB for the Reliant communications, at [REDACTED].

22 70. [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]

26 71. Each life policy under the Reliant-UMB trust was designated as a “Series”  
27 under the trust and UMB established two accounts for each “Series”, a “Collection  
28 account” and a “Policy Maintenance Reserve Account” also known as the “Premium

1 Reserve” account or “PRA”). The Collection Account held, among other things, funds  
2 from a life policy once matured and the death benefit paid to the trustee. [REDACTED]

3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED] [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED] [REDACTED]  
10 [REDACTED]  
11 [REDACTED] Under information and belief, assuming  
12 regular transactions, these type of transactions are the only expected disbursements that  
13 would be expected from the Policy Maintenance Reserve aka Premium Reserve Account.

14 72. Detailed transaction documents produced in discovery by UMB confirm that  
15 Mathews and other UMB officers had access to and reviewed hundreds of transactions  
16 via Direction Letters sent by Reliant directing UMB to disburse funds from the UMB  
17 trust’s escrow, collection and premium reserve accounts.

18 73. Between at least January 1, 2019 and June 29, 2022 Reliant, Grady, and/or  
19 office manager Alma Ramirez or bookkeeper Nina Estrella under Grady’s direction, sent  
20 Direction Letters to UMB requesting UMB make hundreds of disbursements which were  
21 irregular and atypical of a life settlement program and therefore suspicious. They  
22 requested small and large amounts of funds from UMB’s trust accounts holding investor  
23 funds to be wired to Reliant’s Wells Fargo Bank account and to other third parties  
24 unrelated to the policies held in the UMB trust.

25 74. Internal UMB records confirm that Series trust accounts maintained by UMB  
26 held investor funds, including Collection and Premium Reserve Accounts. Plaintiffs are  
27 further informed and believe based on reviewing internal records produced by UMB that  
28 these transactions included hundreds of irregular and atypical transactions that put UMB

1 on inquiry notice that Reliant Defendants were improperly directing trust funds to be  
2 transferred out of the trust funds for improper or suspicious purposes, not related to  
3 paying premiums on policies held in the UMB trust, and all in violation of the trust  
4 documents.

5 75. Specific irregular transactions include, beginning at least as early as January  
6 2, 2019, Direction Letters from Reliant to UMB directing trust funds be wired to Reliant's  
7 bank account, examples of which are attached hereto as **Exhibit P**. From review of  
8 UMB's documents and transactions, Plaintiffs are informed and believe that Reliant  
9 Defendants issued the Direction Letters to UMB at times multiple times per week or even  
10 per day, and that many of the letters sought irregular transactions and that, each time,  
11 UMB transferred funds as requested. Plaintiffs are informed and believe that between  
12 2019 and June 29, 2022 large amounts of dollars of invested funds on account at UMB  
13 were transferred to Reliant's bank accounts, or directed to be paid to third parties, to alter-  
14 egos or to attorneys for attorneys' fees.

15 76. [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]

23 [REDACTED] [REDACTED]  
24 [REDACTED] [REDACTED] [REDACTED]  
25 [REDACTED] [REDACTED] [REDACTED]  
26 [REDACTED] [REDACTED] [REDACTED]  
27 [REDACTED] [REDACTED]  
28 [REDACTED] [REDACTED]

[REDACTED]

77. The irregular transactions include payment of UMB's premium reserve trust funds to the Client Trust Account of Reliant's attorneys at the Law Offices of Christopher Stevens. Copies of Direction Letters requesting the payments from UMB and UMB transaction records evidencing the payment to Steven's trust account are attached hereto collectively as **Exhibit R**. Stevens was Reliant's attorney in the Cooper Litigation. Plaintiffs are informed and believe that UMB Relationship Manager Scott Mathews knew that Christopher Stevens was Reliant's attorney from Mathews' emails and telephone conversations with Stevens related to Reliant transactions. Plaintiffs are informed and believe that when Scott Grady signed the Direction Letters to UMB to pay trust funds to Reliant's attorneys' client trust account, he sought to mask the purpose of the transfer by referencing "Policy Servicing Fees" or "Policy Maintenance" on the Direction Letter as shown in **Exhibit R page 3**.

78. [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]

11 79. Other irregular transactions with UMB include Direction Letters requesting  
12 trust funds be wired to Reliant or third parties as “Policy Costs” or “Premium Financing.”  
13 Plaintiffs are informed and believe that Reliant’s repeated requests for funds to be wired  
14 to Reliant or third parties from trust accounts, using the term “Policy Cost,” like the term  
15 “Policy Servicing Fees” was an obvious red-flag to a sophisticated trustee like UMB that  
16 Grady and Reliant were masking an improper request for trust funds. Examples of  
17 Direction Letters requesting funds as “Policy Costs” are attached hereto as **Exhibit T**.

18 80. [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]

---

26 <sup>2</sup> In Judge Cotton’s Conclusion of Law 12 he states: “Here, the evidence established Michaels utilized  
27 Reliant and his entities PB Consulting, LLC. . . . as an extension of himself by disregarding corporate  
28 formalities, comingling money, and transferring assets without consideration; so much so that Reliant  
and the Michaels Entities are alter egos of Michaels.”

1 [REDACTED].

2 81. Another type of irregular transaction consisted of Reliant's attempt to bypass  
3 the trustee to engage in the transfer of beneficial trust interests, which was under the trust,  
4 a function of the trustee. In this regard Reliant would send a Direction Letter to UMB  
5 stating that certain interests in a policy in the UMB trust had been sold by a beneficiary  
6 and that the beneficiaries who were the "Sellers" and "Buyers" in the transaction wished  
7 to remain "anonymous." Therefore, the Direction Letter would explain, Reliant had  
8 handled the transaction "in-house," rather than through UMB as trustee, responsible for  
9 tracking and maintaining the subject policy and issuing the Certificate to the Beneficiary.  
10 This scenario of "anonymous" transfers of beneficial interests bypassing the trustee, put  
11 UMB, a sophisticated trustee, on actual notice of improper atypical activity in the Reliant  
12 Life Share program. Repeatedly, Reliant used this excuse to engage itself as a "de facto"  
13 trustee of the UMB trust. Such Direction Letters are attached hereto as **Exhibit V**.

14 82. Plaintiffs are informed and believe based on reviewing internal UMB records  
15 that the myriad of transactions requested funds be transferred out of the Series trust  
16 accounts by Reliant depleted the premium reserves of all of the 30 policies under UMB's  
17 trust. This relatively high percentage of policies in the portfolio with depleted reserves  
18 put Mathews and UMB on actual notice of the atypical and irregular transactions which  
19 resulted in depletion of the reserves, and the risk that the entire portfolio of policies in the  
20 UMB trust would collapse for failure to timely pay premiums.

21 83. In response to the depletion of UMB held trust funds, and needing to pay  
22 increasing premiums, Grady repeatedly directed UMB to "transfer" funds from specific  
23 sub-trust accounts held for other Series Accounts in the UMB trust to cover the premium  
24 payments in the sub-trust accounts that had insufficient funds to make premium  
25 payments. The commingling transfers were labeled by Reliant in Direction Letters sent  
26 to UMB as "transfers" and "Temporary Funding" which UMB recorded in its internal  
27 transaction records. Based on reviewing documents produced by UMB, none of the many  
28 "transfers" and "Temporary Funding" were ever repaid. The transfers for "temporary

1 funding” to and from other Series trust accounts in the UMB trust established for other  
2 policies were repeated “red flags” that the Reliant was putting the Beneficiaries of the  
3 UMB trust at risk that the policies which they and bore the classic indicia of a Ponzi  
4 scheme. Examples of improper transfers labeled “Temporary Funding” or “Transfers”  
5 are attached hereto as **Exhibit W**.

6 84. The Direction Letters and UMB Transaction Schedules establish that UMB  
7 was “transferring” and “temporarily funding” to other “Series” or policies within the  
8 UMB master trust by transferring funds out of “sub-trusts” or “Series” without disclosure  
9 to the investors in the Series whose funds were being transferred to another Series as  
10 required by Section 5.4(a)(vi) of the UMB trust agreement.

11 85. The UMB Direction Letters and transaction ledgers also confirm that at the  
12 direction of Grady, UMB transferred funds out of the Reliant-UMB master trust the FWT  
13 trust to make premium payments on policies held in the FWT trust because reserves had  
14 been depleted in FWT’s premium reserve accounts, without disclosure to the  
15 beneficiaries of the UMB trust, in violation of the Reliant-UMB trust agreement.  
16 Examples of Direction Letters and transaction ledgers transferring trust funds to the FWT  
17 trust are attached hereto as **Exhibit X**.

18 86. The UMB Direction Letters and transaction ledgers also confirm that at the  
19 direction of Grady, UMB transferred funds out of the Reliant-UMB master trust the BOU  
20 GN4954 Trust to make premium payments on policies held in the BOU GN4954 trust  
21 because reserves had been depleted in its premium reserve accounts, without disclosure  
22 to the beneficiaries of the UMB trust, in violation of the Reliant-UMB trust agreement.  
23 Examples of Direction Letters and transaction ledgers transferring trust funds to the BOU  
24 trust are attached hereto as **Exhibit Y**.

25 87. Based on reviewing internal UMB documents produced in discovery, during  
26 his tenure Vice-President Mathews, as UMB’s Relationship Manager of Reliant’s  
27 program, had actual knowledge of Grady’s Direction Letters and all Reliant transactions.  
28 Based on information and belief, from his review of transactions, emails with Reliant and

1 UMB staff, and direct communications with investors who contacted UMB, Mathews  
2 became aware of the true nature of Reliant's Life settlement program. At least on or about  
3 May of 2021, if not earlier, based on his actual knowledge of UMB irregular distributions  
4 of funds in UMB's trust accounts, and from his direct communications with investors,  
5 Mathews became concerned with UMB's potential liability as a trustee to beneficiaries  
6 of the UMB trust. Mathews believed based on his actual knowledge of transactions from  
7 UMB's trust accounts and his own communications with investors, that the Reliant Life  
8 Shares investment program was "sketchy."

9 88. Based on his interaction with Reliant investors, Mathews gained knowledge  
10 of misrepresentations made to investors regarding the risks associated with Reliant's Life  
11 Share program and Mathews believed that many investors did not understand UMB's role  
12 as trustee. In some cases, Matthew concluded, investors believed Mathews worked for  
13 Reliant.

14 89. Plaintiffs are informed and believe based on review of UMB records,  
15 Mathews believed Reliant had high turnover and poor customer service. Some investors  
16 told Mathews that their Reliant sales agent did not fully disclose risk factors to them,  
17 which risk factors were not fully disclosed in Reliant marketing materials.

18 90. [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]

23 91. [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]  
27 [REDACTED]  
28 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 92. Plaintiffs are informed and believe that shortly after Mathews' memo to the  
13 UMB executives, on or about June 4, 2021, UMB quietly tendered its Notice of  
14 Resignation to Reliant. However, UMB continued in its role as trustee for over a year  
15 until June 29, 2022 when it signed an agreement with Reliant and BOU whereby UMB  
16 relinquished its role as trustee and was replaced as trustee by BOU. (**Exhibit E**)

17 93. Notwithstanding UMB's knowledge of Reliant Defendants' irregular and  
18 atypical transactions and massive commingling, and knowledge of Reliant's  
19 misrepresentations to investors, the depleted trust accounts, and the dissipation of "Trust  
20 Assets," UMB continued to facilitate Reliant and Grady's depletion of trust assets.  
21 Between Mathews' memo of May 15, 2021 and the formal end of UMB's role on June  
22 29, 2022, (over 13 months), UMB continued to undertake irregular and atypical  
23 transactions at the request of Reliant and Grady. The number of Direction Letters  
24 requesting wire to Reliant's Wells Fargo Account actually increased between May 15,  
25 2021 and June 29, 2022. (See **Exhibits S, W, X, Y**) The taking of trust funds from UMB  
26 continued to increase such that, at the time of the BOU takeover, on or about June 29,  
27 2022, almost all of the trust accounts were depleted leaving only small amounts in the  
28 Premium Reserve Accounts, less than what was necessary to make expected premium

1 payments. (See **Exhibit E**, 6/29/22 Instrument of Resignation, Ex. B)

2 94. After UMB's resignation became effective, Mathews expressed his relief at  
3 UMB's extrication, explaining in an email to a colleague at UMB that Reliant's program  
4 was "sketchy."

5 95. Plaintiffs allege UMB's actual knowledge and material assistance by aiding  
6 and abetting Reliant Defendants was a proximate cause of the damage caused to Plaintiffs  
7 in the Class, including all Class members who have been commonly damaged by the  
8 commingling and collapse of Reliant and specifically Plaintiffs Prince and Daos and other  
9 Reliant investors/beneficiaries who had ownership interests policies in the UMB  
10 Subclass. Because of the commingling and collapse of Reliant and the UMB trust the  
11 Receiver must "pool" all the trust assets into a common receivership and any distinction  
12 of the individual "Series" has been lost and all Class members damaged.

13 **ADDITIONAL SPECIFIC FACTUAL ALLEGATIONS AGAINST**  
14 **DEFENDANT BOU**

15 96. Plaintiffs incorporate the factual allegations as to UMB Bank as previously  
16 set forth herein related to UMB's transfers of funds from its trust accounts to BOU  
17 without providing any notice to beneficiaries of either the UMB trust or the BOU trust.  
18 (See **Exhibit Y**)

19 97. Plaintiffs are informed and believe from review of records that during the  
20 relevant time period, BOU's relationship managers included Randy Hahn, who was Vice  
21 President & Trust Manager, Tammy Glover, who was Trust Administrator and Trust  
22 Officer, and Jennifer Vandenberg, who was Vice President and Trust Officer. Plaintiffs  
23 are further informed and believe that as managers, Hahn, Glover and Vandenberg had  
24 routine day-to-day contact with Reliant and others involved in Reliant's operations. The  
25 BOU managers had access to all of BOU's data related to the individual investors and  
26 communications between Reliant and the investors.

27 98. Plaintiffs are informed and believe that BOU originally was appointed as a  
28 trustee appointed by Reliant as Grantor on or about Decembrer 1, 2014 of Reliant Trust

1 GN4954 (**Exhibit D**), and was later made the successor trustee of the UMB trust  
2 agreement when UMB's resignation became effective June 29, 2022 (**Exhibit E**). BOU  
3 was thereafter appointed by successor in an agreement entitled "Instrument of  
4 Termination, Appointment and Acceptance" for the FWT trust effective as of December  
5 21, 2022. (**Exhibit F**)

6 99. Plaintiffs are informed and believe that BOU kept a record of each  
7 transaction involving trust funds which were deposited into the BOU trust accounts at  
8 BOU and the BOU managers including but not limited to Randy Hahn and Tammy  
9 Glover as successor trustee to UMB had access to all of UMB's prior transactions and  
10 BOU's own transactions after it was appointed as successor trustee.

11 100. Plaintiffs are informed and believe that prior to becoming successor trustee  
12 of the UMB trust on June 29, 2022, BOU, as trustee of Reliant GN4954 Trust, was aware  
13 of UMB's status as Reliant's trustee for the Reliant-UMB trust. As the GN4954 trust  
14 reserves at BOU became depleted transactions occurred involving BOU and UMB that  
15 included disbursements from UMB to BOU which were irregular and atypical of a bona  
16 fide life settlement program and therefore suspicious. (See **Exhibit Y**)

17 101. More specifically, as shown in Exhibit Y, even before BOU became a  
18 "Successor Trustee" of the UMB trust on June 29, 2022, the premium reserve account  
19 for Series GN4854 at BOU became depleted such that timely premium payment could  
20 not be made to keep the policy or policies owned by the BOU GN4954 trust in force.  
21 Plaintiffs are informed and believe that the depletion of the premium reserves put BOU  
22 on notice of inadequate reserves and the risk that policy would lapse.

23 102. Plaintiffs are informed and believe that in response to the depletion of policy  
24 reserves at BOU, Reliant Defendants repeatedly directed the "transfer" of funds from  
25 specific sub-trust accounts held at UMB for the benefit of beneficiaries of the UMB trust  
26 to cover the premium payments for the GN4954 policy trust at BOU that had insufficient  
27 funds in its own premium reserve accounts. (**Exhibit Y**) Many times transfers which  
28 were coded as "temporary funding" for the GN854 premium reserves at the BOU trust

1 from the UMB trust accounts were repeated “red flags” that Reliant, Grady and UMB  
2 had no regard for the terms in the Reliant trust agreements such as sub-section (a)(vi) of  
3 section 5.4 of both the UMB trust agreement and the BOU trust agreements that listed a  
4 duty of the trustee as “providing written notice to the Beneficiary and any applicable  
5 servicer of any disposition of any Trust Assets”, and that the UMB and BOU trusts were  
6 in serious distress and bore the classic indicia of an illegal financial scheme.

7 103. These transfers from the UMB trust to the BOU trust occurred on numerous  
8 dates, including but not limited to 2/10/2022, 3/8/2022, 3/25/2022, 4/11/2022, 5/5/2022  
9 and 6/2/2022. (**Exhibit Y**) As a professional trustee, BOU knew or should have known  
10 and have recognized that the classic red flags of wrongful financial scheme include the  
11 transfer or commingling of trust assets which was not permitted by the terms of either  
12 the UMB trust agreement or the BOU trust agreement.

13 104. Again, at the time of these transfers BOU had knowledge of the UMB trust  
14 and its status. After June 4, 2021 when UMB Bank tendered its resignation as trustee of  
15 the Reliant-UMB trust, Reliant, Grady, UMB and BOU had communications regarding  
16 BOU becoming the Successor Trustee of the Reliant-UMB trust. As part of those  
17 communication, BOU became aware of the depleted status of UMB’s trust accounts. For  
18 13 months, between June 2021 and June 29, 2022, UMB and BOU had numerous  
19 communications regarding specific trust accounts and sub-trust accounts at UMB Bank.  
20 By June 29, 2022, when BOU executed an agreement to enlarge its trustee obligations  
21 to include as Successor Trustee of the Reliant-UMB trust, BOU was aware that almost  
22 all of the premium reserve accounts at the UMB trust for payment of premiums on  
23 policies in the UMB trust were seriously depleted without sufficient funds to pay  
24 scheduled premium payments on policies held in the UMB trust.

25 105. Even after 6/29/22, when BOU became successor trustee of the Reliant-  
26 UMB trust, BOU engaged in the same type of improper transactions and commingling  
27 as alleged against UMB Bank. Attached hereto as **Exhibit AA** are Direction Letter and  
28

1 emails whereby Reliant Defendants directed BOU to make improper transfers as  
2 “Temporary Funding” of Series accounts from other trust funds.

3 106. [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]

7 107. BOU’s knowledge that almost all of the thirty (30) policies in the UMB trust  
8 were at risk of lapse because of lack of premium reserves put BOU managers, including  
9 Randy Hahn and Tammy Glover, on notice of the potential collapse of a portfolio of  
10 policies that had face values worth over \$100 million. As a sophisticated trustee of a life  
11 settlement program, the failure of such a high number of policies to have sufficient  
12 reserves in trust to pay premiums put BOU on further notice that the entire Reliant Life  
13 Settlement Program was based on inadequate reserves, was mis-managed and that  
14 misappropriation of trust funds had occurred. The improper and irregular transactions,  
15 without disclosure to the Beneficiaries of those Series as required by Section 5.4(a)(vi)  
16 in violation of the Reliant trust agreements.

17 108. Plaintiffs are informed and believe that BOU managers, including Hahn and  
18 Glover, were aware of Reliant’s irregular and atypical transactions including the  
19 irregular transactions described above because they facilitated those transfers to aid and  
20 abet Reliant Defendants.

21 109. Plaintiffs’ allegations are corroborated by a report submitted by the Reliant  
22 Receiver on December 22, 2023 in the Cooper Litigation after the filing of Plaintiffs’  
23 FAC. (**Exhibit N**)

24 110. Plaintiffs are informed and believe based on reviewing discovery, that in  
25 early 2023 BOU as successor trustee and Reliant engaged in communications regarding  
26 the depletion of the premium reserves in the BOU trust to pay scheduled premiums and  
27 the need to raise funds to meet premium obligations. BOU and Reliant discussed  
28 financial transactions, obtain a loan using trust assets as collateral. Reliant, Grady and

1 BOU engaged with Steve Stanton (“Stanton”), owner of Superior Life Finance LLC  
2 (“Superior”) regarding Superior lending funds to BOU be used to make premium  
3 payments, which loan would be secured by BOU’s Trust Assets.

4 111. In early 2023 Reliant and BOU provided confidential financial information  
5 and trust documents to Stanton at Superior, including policy information, for evaluation  
6 for possible financing transaction. Stanton at Superior evaluated the policies and  
7 communicated several issues that would have to be addressed before Superior would  
8 engage in a transaction with Reliant and BOU.

9 112. One issue identified in the Transaction was that Superior would not be a  
10 lender. Superior would only be a “buyer” and would only purchase certain policies in a  
11 buy-sell purchase agreement whereby Superior would purchase the policies for an  
12 agreed upon sum, however Superior would include in the agreement the right of BOU  
13 as the seller to repurchase the policies at a later time for an agreed upon price. A second  
14 issue was that Superior insisted on clear title to the policies, which meant that Reliant  
15 and BOU had devise a way to divest the Beneficiaries who owned fractional interests in  
16 the policies to be sold to Superior as confirmed by their Beneficial Interest Certificates  
17 (“Certificates”); see **Exhibit L** attached hereto.

18 113. Plaintiffs are informed and believe that in early 2023 Reliant and BOU  
19 agreed in principle to the terms for Superior to purchase 13 of the policies held in the  
20 BOU trust without notice to any of the investors, all who had Certificates confirming  
21 their status as a Beneficiary and owner of a fully paid fractional undivided interest in the  
22 policy.

23 114. Plaintiff Sharma had a Certificate signed by BOU as trustee of the BOU trust  
24 confirming he had a fractional ownership in policy MH8921, which was one of the 13  
25 policies BOU as trustee of the BOU trust sold to Superior. Plaintiff Daos has two  
26 Certificates signed by BOU as trustee of the BOU trust certifying that Daos had a  
27 beneficial fractional ownership in the HA7233 policy and the WV4951 policy which  
28 BOU as trustee of the BOU trust sold to Superior Financial. BOU breached Section

1 5.4(a)(vi) of the BOU trust agreement by not providing written notice to Plaintiffs  
2 Sharma, Daos and members of the BOU Subclass that their interest in a Series was sold  
3 to Superior Financial.

4 115. Plaintiffs are informed and believe that both Reliant and BOU understood  
5 the then current terms of the BOU trust precluded such a transaction without disclosure  
6 to the Beneficiaries pursuant to Section 5.4(a)(vi) of the UMB trust agreement and the  
7 BOU trust. Grady, Reliant and BOU, in breach of BOU's duty of good faith and fair  
8 dealing owed to the Beneficiaries pursuant to Section 4.5(h) of both the UMB trust and  
9 the BOU trust, devised a plan for BOU to aide and abet Reliant and Grady's plan to limit  
10 liability to Beneficiaries by Reliant as the original Grantor entering into an agreement  
11 entitled Second Amended and Restated Agreement And Declaration of Trust to amend  
12 the BOU trust agreement and to name Defendant RLS, Grantor, LLC a "Successor  
13 Grantor", have the trust assets transferred to the new amended trust was a new grantor  
14 (also controlled by Grady) and then have Successor Grantor RLS, Grantor, LLC direct  
15 BOU as trustee of the BOU trust to transfer the 13 policies to Superior in a buy-sell  
16 Transaction. To enact the plan, on or about March 2023 Reliant prepared a new trust  
17 agreement entitled Second Amended and Restated Agreement and Declaration of Trust,  
18 a copy of which is attached hereto as **Exhibit CC**.

19 116. To facilitate the Superior transaction Reliant and BOU entered into the new  
20 trust agreement naming a sham entity, "RLS Grantor, LLC, a California limited liability  
21 company" as the new Grantor of the BOU trust. The Amended and Restated Trust  
22 Agreement prepared by Reliant and BOU and executed by Scott Grady on behalf of  
23 Reliant and BOU Vice-President Randy Rahn on behalf of BOU as trustee of the BOU  
24 trust on March 16, 2023. No one signed on behalf of the sham entity, RLS Grantor, LLC.  
25 Pursuant to the Superior Purchase and Sale Agreement BOU as trustee of the Amended  
26 and Restated Reliant Life Shares Serious Statutory Trust agreed to sell to Superior Life  
27 13 life insurance policies with a combined face value of \$52.9 Million that were part of  
28

1 the Reliant portfolio in exchange for Superior paying \$3.2 million and Superior agreeing  
2 to pay premiums for those 13 policies.

3 117. Because of Grady and Reliant's financial needs, including but not limited to  
4 fund premiums on policies in the BOU trust and FWT trust, to pay ongoing legal fees in  
5 the Cooper Litigation, and for Grady's own personal expenses, Stanton and Superior  
6 were directed by Grady to pay monies that would be owed under the Superior  
7 Transaction to different entities including directly to insurance carriers, or to Reliant, or  
8 to the sham entity RLS Grantor, LLC which was controlled by Scott Grady. Even before  
9 the final Transaction agreement was signed, Superior sent funds as directed by Grady.

10 118. The Superior Life purchase agreement was signed by Tammy Glover on  
11 behalf of BOU as trustee of the BOU trust on April 20, 2023. (**Exhibit DD**). In the  
12 Superior Agreement BOU as trustee of the BOU trust falsely represented to Superior  
13 Financial that BOU as the trustee of the BOU trust was "the sole legal and beneficial  
14 owner of the Assets" which were defined as "all rights, titles and interests as owner" of  
15 the 13 policies.

16 119. Prior to the Superior Transaction, Defendants BOU and Grady failed to  
17 disclose the Transaction Agreement to the Beneficiaries of the BOU trust including  
18 Plaintiffs Sharma and Daos who both had an interest in certain of those 13 policies, that  
19 the policies they invested and had Certificates from BOU were being sold for a fraction  
20 of their value, and that the reason for the Superior Transaction was because UMB and  
21 BOU at the direction of Grady had distributed funds from their respective premium trust  
22 accounts ("PRA") for improper purposes.

23 120. As part of the Superior transaction, Superior agreed to pay premiums for the  
24 13 policies purchased from BOU. However, on or about April 2023 disputes arose over  
25 title and transfer of the policies to Superior when the Receiver in the Cooper Litigation  
26 filed an Ex Parte application to prevent the Superior Transaction from going forward.  
27 Although some premium payments were made by Superior on behalf of certain of the  
28 13 policies sold to Superior, other premium payments on other policies purchased by

1 Superior were not made by Superior, which resulted in certain policies lapsing which  
2 could not be redeemed.

3 121. Plaintiffs are informed and believe that Reliant, Grady and BOU knew that  
4 some policies that were subject to the Superior Transaction were at risk and that Superior  
5 would not pay premiums because of the failure to complete transfer the policies. As a  
6 result of the unresolved disputes with Superior at least three of the life settlement policies  
7 that were the subject of the BOU Superior transaction **lapsed without right to further**  
8 **reinstate as follows:**

Insured	Ins. Company	Policy No.	Policy Benefit Amount
Roth	Security Mutual	001308476	\$3,000,000.00
Anderson	Equitable Financial	159213789	\$2,000,000.00
Christofferson	Ameritas Life	U00003278A	\$5,000,000.00
			\$10,000,000.00

15  
16 122. Shortly thereafter, on or about June or July 2023 without any notice to  
17 Plaintiffs or the Class, or Beneficiaries of the trust, BOU tendered its resignation as  
18 trustee of the BOU trust to Scott Grady. Plaintiffs are informed and believe the Reliant  
19 Receiver has yet to accept the resignations.

20 123. Plaintiffs allege BOU's actual knowledge and material assistance by aiding  
21 and abetting Grady and Reliant was a proximate cause of the damage caused to Plaintiffs  
22 in the Class, including all Class members who have been commonly damaged by the  
23 commingling and collapse of Reliant and specifically Plaintiffs Sharma and Daos and  
24 other Reliant investors/beneficiaries who had ownership interests in the 13 policies sold  
25 to Superior, and fractional owners of the policies that lapsed. Because of the  
26 commingling and collapse of Reliant and the trust the Receiver must "pool" all the trust  
27 assets into a common receivership and any distinction of the individual "Series" has been  
28 lost and all Class members damaged.

**ADDITIONAL SPECIFIC FACTS RELATED TO FIRST WEST TRUST BANK**

124. Plaintiffs are informed and believe from a review of records that FWT acted as a trustee for Reliant's life settlement program from on or about June 16, 2015 to on or about December 21, 2022. (**Exhibits C, F**)

125. Despite Plaintiffs' document request tendered October 31, 2023, Defendant FTW withheld most of its document production until February 13, 2024, approximately 72 hours before this Second Amended Complaint was ordered to be filed. However, reviewing transaction schedules produced by Defendants UMB and BOU, and a preliminary review of FWT's documents, Plaintiffs can trace transfers from UMB's trust accounts, including its premium reserve accounts, to FWT and transfers from BOU to FWT's trust accounts to enable FWT to make premium payments on policies held in the FWT trust.

126. Plaintiffs are informed and believe from review of records that during the relevant time period, FWT's responsible manager included L. William Schmidt, Jr. who was Senior Trust Officer and Tim Morphy ("Morphy") who during the tenure of FWT's time as trustee of the FWT trust had the titles of Director of Wealth Management for First Western's Los Angeles office and President of First West Trust. Based on reviewing internal FWT internal documents produced by FWT in this case, Plaintiffs are further informed and believe that as managers of FWT relationship with Reliant, Schmid and Morphy had routine day-to-day contact with Reliant and others involved in Reliant's operations including Michael Lutterloh at Montage Financial Group, a "servicer" for Reliant. The FWT managers had access to all of FWT data related to the individual investors and communications between Reliant and the investors in Reliant Life Shares Program, and had actual knowledge of the transfers of trust funds from the UMB trust to the FWT as the direction of Grady.

127. Plaintiffs are informed and believe that FWT kept emails and record of each transaction involving trust funds which were deposited by UMB and BOU at Reliant Defendant's direction into trust accounts at FWT to enable FWT to make premium

1 payments on policies held in the FWT trust- including Series 2014-1, the Series in which  
2 Plaintiffs James Reed and Carolyn invested, that were in danger of lapsing. As shown in  
3 emails to Morphy from Reliant Defendants and UMB, FWT was on notice of transfers  
4 by UMB and BOU. Examples of emails and DL with FWT evidencing FWT's  
5 knowledge and participation in the commingling of investor funds are attached hereto as  
6 **Exhibit EE.**

7 128. FWT and UMB Bank, were aware that each was also a trustee of a separate  
8 Reliant Trust based on the fact that UMB on a regular basis was directed by Scott Grady  
9 to transfer funds from UMB's trust accounts to to FWT trust accounts to enable FWT to  
10 make premium payments to prevent policies held in the FWT trust from lapsing.  
11 Examples of transfers from BOU's trust accounts to FTW's trust accounts include  
12 documents produced by FWT with the following FTWB bate numbers: 7642; 7679;  
13 8784; 8828; 8839; 9254; 9260; 9276; 2147; 2352, 2364–2365, 2463–2464, 2466, 2478–  
14 2479, 2489–2491, 2505–2506, 2512–2513, 2538, 2553–2556, 2584–2589.

15 129. [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

22 130. Plaintiffs are informed and believe based on reviewing internal FWT  
23 documents produced in this case that BOU was likewise aware that FWT was also a  
24 trustee of a separate Reliant trust based on the fact that on multiple occasions Reliant  
25 directed BOU to wire funds from BOU's trust accounts to FTW's trust accounts. A series  
26 of emails between Lutterloh at Montage and Reliant, BOU, and FWT in both 2022 and  
27 again in 2023 referenced that FTW did not have funds to make premium payments on  
28 Transamerica policy number 60163540 on the life of Zaid Sweiss which Reliant

1 identified as “2014-1 Sweiss”, (the Reed’s investment) which would lapse on 12-16-  
2 2022. Reliant sent Direction Letters to BOU directing BOU to wire funds from its own  
3 trust accounts to FTW’ premium reserve account to make premium payments on the  
4 Zaid Sweiss policy, which was accomplished on 12-16/2022 the last day before the Zaid  
5 Sweiss policy would lapse. (See FWTB documents bates numbered FWTB\_002463  
6 through 002584) The same fire drill to prevent the 2014-1 policy from lapsing again on  
7 01/07/2023 with transfers from BOU’s trust accounts to FWT’s trust accounts. (FTWB-  
8 \_002147)

9 131. Like the other trust agreements, section 5.4(a)(vi) of the FWT trust  
10 agreement states:

11 “The Trustee shall perform its duties with respect to the Trust Assets  
12 in accordance with this Agreement . . . “(vi) **providing written**  
13 **notice** to the Beneficiary of a Series and any applicable servicer of  
14 any disposition of any Trust Assets of such Series.”

15 132. Plaintiffs are informed and believe that Reliant directed FWT on numerous  
16 occasions to make transfers between Series of subtrusts held in the FWT trust. One  
17 example of this type of transaction occurred on April 4, 2019 when Reliant bookkeeper  
18 Nina Estrella sent a Direction Letter via email to Morphy at FWT directing Morphy to  
19 make a transfer between two different Series within the FWT trust (FWT\_001863-  
20 001864). On each Direction Letter Reliant sent to Morphy Reliant put at the bottom of  
21 the letters an agreement to indemnify FWT for complying with Reliant’s Direction  
22 Letter:

23 Reliant agrees to hold the trust, the trustee and all officers of  
24 and employees harmless for any liability that may arise now or  
25 in the future, as a result of complying with this request.

26 133. A FWT trust ledger for Reliant Life Shares Series Statutory TR 2012-1  
27 Premium Reserve account at FWT confirms that on 03/23/2023 Superior Life Finance,  
28 which contracted to purchase 13 policies from BOU wired \$20,195.00 of funds which

1 pursuant to the terms of the Superior Purchase Agreement with BOU were supposed to  
2 be used to pay premiums on policies held at BOU were instead wired to FWT's premium  
3 reserve account to make a premium on a policy held in the FWT trust.

4 134. Plaintiffs are informed and believe based on reviewing internal records  
5 produced by UMB and BOU that transactions involving FWT and UMB included  
6 transfers and disbursements which were irregular and atypical of a bona fide life  
7 settlement program and therefore suspicious. Plaintiffs are informed and believe from  
8 reviewing internal records that Series Trust accounts maintained by UMB held investor  
9 funds and certain transactions and disbursements to UMB included irregular and atypical  
10 transactions whereby funds of Beneficiaries of the Reliant-UMB trust were transferred  
11 to the FWT corporate trust for payment of premiums for policies held in trust by FWT  
12 not UMB. Such transactions put both UMB and FWT on inquiry notice that Grady was  
13 improperly requesting trust funds to be transferred out of the designated UMB trust funds  
14 for improper or suspicious purposes.

15 135. Based on preliminary reviewing the documents produced to date by FWT in  
16 discovery and pleadings in this proceeding, Plaintiffs are informed and believe that  
17 between 2019 and 2022, FWT's premium reserves were also depleted. The depletion of  
18 reserves for FWT Series Trust accounts caused more irregular transactions to occur, as  
19 Reliant and Grady sought to obtain funds from certain Series Trust accounts within the  
20 UMB and BOU trust be transferred to other Series Trust accounts in the FWT to cover  
21 premiums payments for policies held in other Series Trust accounts within the FWT  
22 trust. Plaintiffs are informed and believe that FWT managers, including Tim Morphy  
23 were aware of Reliant's transactions including the irregular transactions described  
24 above. In FWT trust account records it confirms transfers from UMB and BOU. As  
25 example is the transaction ledger of Series 2014-1, the Series in which the Plaintiffs  
26 James Reed and Carolyn Reed invested, which identifies a transfer from UMB into the  
27 premium reserve accounts, attached hereto as **Exhibit FF**.  
28

1           136. Like UMB and BOU, FWT failed to take any action despite its knowledge  
2 of the commingling of Reliant investor funds and violation of the trust agreements.  
3 Based on documents produced in discovery, Plaintiffs are informed and believe that  
4 FWT had actual knowledge that Reliant was taking trust funds from Reliant investors in  
5 the UMB trust and wiring those funds to FWT to pay premiums on policies in the FWT  
6 trust and thereby, FWT knew and participated in the commingling of trust funds. On or  
7 about December, 2022 FWT quietly resigned as trustee of the Reliant-FWT trust.

8           137. Plaintiffs allege FWT actual knowledge and material assistance by aiding  
9 and abetting Reliant Defendants was a proximate cause of the damage caused to  
10 Plaintiffs and the Class, including all Class members who have been commonly damaged  
11 by the commingling and collapse of Reliant and specifically Plaintiffs Reed and other  
12 Reliant investors/beneficiaries who had ownership interests policies in the FWT  
13 Subclass. Because of the commingling and collapse of Reliant and the Reliant trusts  
14 the Receiver must “pool” all the trust assets into a common receivership and any  
15 distinction of the individual “Series” has been lost and all Class members damaged.

16           **RELIANT RECEIVER’S FILINGS CONFIRM THE ALLEGATIONS OF**  
17           **COMMINGLING AND DISPOSITION OF TRUST ASSETS**

18  
19           138. In the Cooper Litigation, on August 14, 2023 the Receiver filed an  
20 emergency ex parte application entitled Receiver Christopher Conway’s Ex Parte  
21 Application For Authority To Sell Certain Policies And For Miscellaneous Relief.  
22 (“Receiver’s Ex Parte”). A copy of the Receiver’s Ex Parte is attached hereto as **Exhibit**  
23 **AA**. The Receiver’s Ex Parte reveals significant findings based on the Receiver’s recent  
24 examination of Reliant’s business and financial records. The following are excerpts from  
25 the Receiver’s Ex Parte Application:

26           **INTRODUCTION & EMERGENCY NATURE OF MOTION**

27                     At present, Reliant Life Services, LLC (“Reliant”) is in  
28                     Receivership. The current focus of this case revolves around 38

1 life insurance policies with an aggregate face value of death  
2 benefits in excess of \$177,000,000. While these policies  
3 represent valuable assets of the receivership, the Receiver states  
4 he currently has insufficient funds to pay any necessary business  
5 operating expenses or to continue paying the premiums that are  
6 due on these policies for longer than 3-4 weeks. Without the  
7 ability to pay the premiums, the Receiver informs the Court in  
8 the Cooper Litigation that these policies will lapse, and the  
9 Receivership Assets will be lost. The Receiver states this  
10 outcome will be catastrophic—not only to the  
11 Defendant/Judgment-Creditor Cooper, but also to thousands of  
12 innocent investors, many of whom have invested a significant  
13 amount of their savings in life settlement contracts in which  
14 Reliant was involved.

15 Receiver's Ex Parte, 2:4-14

16 Reliant has insufficient reserves available to pay these  
17 premiums, and almost all of the policies in the Portfolio are  
18 currently in grace. Reliant does not have any current income  
19 stream or available funds from its business operations that can be  
20 used to pay the premiums. But if these premiums are not paid,  
21 then it is almost certain that all of the policies in the Portfolio  
22 will lapse, and the entire value of the Portfolio will be lost.

23 Receiver's Ex Parte, 3:1-5

24 Since his initial appointment, the Receiver has been acting  
25 to fulfill his duties pursuant to the Order in the Cooper Litigation  
26 appointing him as a Receiver. The Receiver recognized at the  
27 outset of his appointment that there was an immediate problem  
28 of insufficient reserves held by the Bank of Utah, as Trustee of

1 the Reliant Life Shares Series Statutory Trust Second Amended  
2 and Restated Agreement and Declaration of Trust dated March  
3 16, 2023 (“Trust”) to cover the premium payments due on the  
4 policies in the Portfolio. At the time the Receiver took over  
5 management, policies with death benefits exceeding \$8 Million  
6 had lapsed without possibility of reinstatement, and the  
7 remainder of the \$169 million were in grace with exhausted  
8 reserves. Additionally, policies with death benefits exceeding \$  
9 25 Million were going to lapse without immediate action by  
10 Receiver. The Receiver alleges that he has done his best to  
11 address this problem by seeking and obtaining authority from the  
12 Court in the Cooper Litigation since his initial appointment in  
13 order to borrow from existing reserve accounts within the  
14 Portfolio (even if allocated to other policies) to be able to make  
15 premium payments for which there are no reserves or insufficient  
16 reserves. However, the Receiver states that even those efforts are  
17 now exhausted, and there simply are not enough funds to keep  
18 the Portfolio from collapsing.

19 Reliant appears to have conducted its operations through  
20 numerous limited liability companies, trusts, individuals, and  
21 relationships with third parties operating within the life  
22 settlement industry. Its operating structure was convoluted at  
23 best. Despite the Receiver’s efforts to get a handle on Reliant’s  
24 business operations (and that of the Trust and all related entities),  
25 to obtain a complete and accurate accounting of the policies in  
26 the Portfolio, and to take control of and marshal the Receivership  
27 Assets for the benefit of Defendant Cooper, as well as Reliant’s  
28 other creditors and investors, the only thing clear is that Reliant

1 did not keep accurate or detailed records for each respective  
2 investor, and there are vast discrepancies between the  
3 information the Receiver has obtained from Reliant, its servicer,  
4 and the Trustee. It also appears Reliant routinely co-mingled  
5 funds between and among investor accounts, as well as between  
6 Grady's own personal account, and various affiliated accounts  
7 he controls (e.g., Laforce Holdings and Old Ranch Road  
8 Business Services). All of these issues— which standing alone  
9 are significant, have only been exacerbated by Reliant's failure  
10 to establish and/or implement the high level of management  
11 required to maintain this Portfolio in good standing.

12 The unfortunate reality is that Reliant did not retain  
13 sufficient funds in escrow, and in the last several years, it allowed  
14 Grady and his affiliates to withdraw and abscond with funds  
15 belonging to the company or investors that should have been  
16 used to pay policy premiums or basic business expenses. Reliant  
17 currently is unable to pay the premiums for the Portfolio. It has  
18 dozens of creditors. Additionally, the company has been named  
19 in administrative cease and desist proceedings and in multiple  
20 civil lawsuits alleging fraud and misrepresentation, violations for  
21 various securities law violations, among other things. The  
22 situation is dire.

23 Receiver's Ex Parte 3:6-4:15

24 The bottom line is this: **There is no money available to**  
25 **pay premiums as Reliant has all but ceased business**  
26 **operations, and no other funding sources are currently**  
27 **available to Receiver that will provide the necessary funds in**  
28 **time to prevent irreparable harm from failure to pay**

1           premiums other than to sell some of the policies.<sup>1</sup> The only  
2           viable solution is for the Receiver to sell 2 or 3 of the most  
3           marketable policies from the Portfolio free and clear of any  
4           investor claims in order to obtain funds to move forward. The  
5           Receiver has substantial experience with trying to obtain  
6           financing as it relates to managing the Portfolio. If the Receiver  
7           believed that there was another readily available source of funds,  
8           he certainly would have pursued it. But there are no other options  
9           available, and the Receiver is out of time. Simply stated, if the  
10          policy premiums are not paid and the Receiver cannot sell the  
11          policies identified below, then the entire Portfolio will be lost.  
12          This means Cooper will receive nothing, there will be no funds  
13          to pay any other creditors or the Receiver, and all of the  
14          remaining investors will lose the entire value of their  
15          investments, and the Portfolio will collapse.

16       Receiver's Ex Parte 6:4-16 (emphasis in original)

17           On December 22, 2023 the Receiver filed another report with the state court in the  
18       Cooper Litigation stating that there were no funds remaining to pay premiums and eight  
19       (8) policies had lapsed, and all the other remaining policies were in danger of lapsing:

20           Based upon the analysis completed by Receiver, the premium reserve  
21           accounts established by Reliant for each of the individual policies (held in  
22           sub-trust accounts established for each policy in the Portfolio) were and are  
23           insufficient to cover premiums owed for the policies until each of those  
24           policies mature. The policy reserve accounts with the Bank of Utah were  
25           already exhausted at the time of Receiver's appointment. Prior to that,  
26           Reliant had already been using funds raised from investors holding interests  
27           in policies for which premiums were not yet due to pay unfunded premiums  
28

1 due immediately for other policies in the Portfolio, and to fund some of the  
2 Company's operating expenses and some of Mr. Grady's personal expenses.  
3 Although the transfer of certain funds may have been permitted by the  
4 current Trust Agreement, this meant that a substantial portion of the funds  
5 raised from investors (regardless of whether from the sale of fractionalized  
6 interests or to fund premiums for policies covering the lives of insureds who  
7 had outlived the initial reserves) were and have been commingled in various  
8 sub-trust accounts for each individual policy for a substantial period of time.  
9 The commingled funds were used to cover shortfalls as they arose, but also  
10 to fund the company's operations and Mr. Grady's lifestyle and personal  
11 expenses, such that some of the Policies would not lapse while others did  
12 and Reliant could continue trying to sell fractional interests forfeited by  
13 some investors to newly identified investors (i.e., some fractional interests  
14 had been "churned" to generate revenue for Reliant to fund operations and  
15 expenses). It appears this has been done for several years. Unfortunately,  
16 this means the majority of the funds raised through premium calls in recent  
17 years were likely commingled and thereafter used by Reliant and/or Grady  
18 in an ad hoc manner that benefited some investors, but not others. Given the  
19 extensive co-mingling of investor funds, the difficulties associated with  
20 accounting for separate sub-trusts and tracking individual policy interests,  
21 and the fact that certain policies now have been lapsed with no hope of  
22 reinstatement, the Receiver believes that the pooling together of the  
23 remaining Receivership assets in the Portfolio is the most equitable way to  
24 move forward.

25 **Exhibit N, 2:13-3:11.**

26 **PLAINTIFFS DELAYED DISCOVERY / EQUITABLE ESTOPPEL**  
27  
28

1           139. The first public knowledge of problems with Reliant's Life Shares Program  
2 was the California Department of Financial Protection and Innovation's ("DFPI") Desist  
3 and Refrain Order issued on December 14, 2022, which disclosed that the DFPI alleged  
4 that Reliant was selling securities in violation of Corporation Code Section 25401. That  
5 public notice did not mention any problems with UMB,' BOU' or FWT's trust accounts.

6           140. On 12/06/2022 attorney John Murrin filed his first complaint entitled Ed  
7 Baeza et al. v. Reliant Life Shares, LLC et al. case number 2:22STCV38080 in the Los  
8 Angeles Superior Court with class action allegations in paragraph 237. Named as  
9 defendants in Mr. Murrin's original complaint were, inter alia. Reliant, Grady, Michaels,  
10 UMB Bank, Bank of Utah and First West Trust Bank. Attorney Murrin's subsequently  
11 filed a First and Second Amended Complaint in Case Number 2:22STCV38080. The  
12 effect of that original Baeza complaint was to toll applicable statutes of limitation for  
13 investors in Reliant Life Shares.

14           141. On August 17, 2023, Plaintiffs James and Carolynn Reed filed their class  
15 action complaint with the Los Angeles Superior Court, case number 23STCV19790,  
16 naming Reliant UMB Bank, Bank of Utah and First West Trust Bank as defendants. That  
17 action was subsequently removed to the Federal District Court for the Central District of  
18 California.

19           142. As previously alleged, Defendants UMB, FWT and BOU had direct  
20 knowledge of the problems with the Reliant Life Shares Programs for years because they  
21 processed dozens of transfers of funds between Series of trusts within their own  
22 respective trusts, but they failed to comply with their duties in Section 5.4(a)(vi) of each  
23 of their respective trust agreements by failing to send written notices to the beneficiaries  
24 whose polices were in the Series that had its funds dissipated by complying with  
25 Reliant's Direction Letters.

26           143. As previously alleged, Defendants UMB, BOU and FWT also had direct  
27 knowledge of the scores of transfers of funds from their respective collection and  
28 premium reserve accounts pursuant to Direction Letters from Reliant Defendants, which

1 transfers depleted the Series within UMB' and BOU's own respective trusts, again  
2 without notifying beneficiaries of their respective trusts that the beneficiaries' policies  
3 in a Series within the UMB trust and the BOU trust had been compromised by reducing  
4 the funds in their premium reserve accounts as UMB and BOU were required to do by  
5 Section 5.4(a)(vi) of their respective trust agreements.

6 144. Instead of notifying the beneficiaries of their respective trusts of the  
7 distributions from each Series in their respective trusts to FWT so that FWT could make  
8 premium payments on policies in the FWT trust, UMB, FWT and BOU quietly resigned  
9 as trustees of their respective trusts, and insisted that Reliant represent and warrant to  
10 UMB and BOU in the agreements confirming their resignations that Reliant would  
11 remove UMB' and BOU's names from Reliant's websites and marketing brochures.

12 145. Plaintiffs are informed and believe Defendant BOU when it undertook the  
13 duties as successor trustee for both the UMB Trust and FWT trust received the files from  
14 UAB and TWT and then had actual knowledge that UMB and BOU had transferred  
15 funds from their respective trust accounts to FWT's own depleted trust accounts. FWT  
16 also had actual knowledge of those transactions because FWT had received wire  
17 confirmations identifying UMB and BOU as the party wiring the funds into FWT's trust  
18 accounts.

19 146. Further, Defendants UMB, BOU, and FWT failed to disclose to investors  
20 significant facts which Defendants UMB, BOU and FWT knew or should have known  
21 related to Defendants UMB, BOU and FWT including, but not limited to, that Defendant  
22 Grady was formerly licensed as an attorney in the State of California but was disbarred  
23 in 2008 for failing to comply with State Bar probation requirements associated with his  
24 2006 State Bar suspension after allegations of comingling of client funds.

25 147. Further, Defendants UMB, BOU, and FWT failed to disclose a dispute which  
26 resulted in the Cooper Litigation among the owners of Reliant that put the entire portfolio  
27 of policies in the UMB trust, the BOU trust, and the FWT trust at risk. Defendants UMB  
28 and BOU had actual knowledge of the Cooper Litigation because both UMB and BOU

1 received Direction Letters from Reliant directing UMB and BOU to distribute money  
2 from their respective trust accounts to pay both Cooper's attorneys' fees and Reliant's  
3 attorneys' fees in the Cooper Litigation. Defendants UMB and BOU failed to disclose  
4 that in 2015 Reliant adopted an amended operating agreement attempting to force out co-  
5 owner Daniel Cooper and that on December 21, 2015 Reliant filed a lawsuit against  
6 Daniel Cooper who was a member and 1/3 owner of Reliant. Cooper filed a cross-  
7 complaint against Reliant, Grady and Michaels, alleging, among other things, fraud and  
8 mismanagement. Defendants further failed to disclose that for years Grady and Michaels  
9 engaged in self-dealing and improper dissipation of trust assets.

10 148. Plaintiffs are informed and believe that in an effort to conceal their  
11 wrongdoing from investors, Reliant Defendants, Grady and Michaels used money  
12 received from investors from the sale of new life settlements to pay premiums on life  
13 settlement investments sold years earlier, which had not matured in that the named  
14 insured had not died but had exhausted the "premium reserves" created by Reliant to  
15 make premium payments to keep the life insurance policies it purchased and then sold  
16 fractionalized interests on those policies to investors. Plaintiffs are informed and believe  
17 that Reliant, Grady and Michaels engaged in this conduct to create the false appearance  
18 that the life settlements they structured and sold had minimal risk and would pay off  
19 within the expected period in order to continue to solicit new investors and to prevent  
20 current investors from learning that Reliant's life settlements were sold by way of the  
21 wrongdoing herein alleged and rescinding their investments. In addition, Plaintiffs are  
22 informed and believe that Reliant, Grady and Michaels also used investors funds that  
23 were earmarked as trust assets to pay Cooper to partially satisfy a judgment against them  
24 and the attorneys' fees they were ordered to pay Cooper's attorney as alleged herein.

25 149. The earliest date Plaintiffs y could begin to discover the basis of the claims  
26 alleged herein was when the California Department of Financial Protection and  
27 Innovation ("Department") issued a Desist and Refrain Order December 14, 2022, which  
28 Desist and Refrain Order stated:

1 Based on the forgoing findings, the Commissioner is of the  
2 opinion that Reliant offered or sold securities in California by  
3 means of oral and written communications which included  
4 untrue statements of material facts or omitted to state material  
5 facts necessary in order to make the statements made, in the light  
6 of the circumstances under which they were made, not  
7 misleading, in violation of Corporations Code section 25401.

8 A true and correct copy of the Desist and Refrain Order is attached hereto as  
9 **Exhibit K.**

10 150. That Desist and Refrain Order would only have put Plaintiffs on notice that  
11 misrepresentations had been made to them in induce them to invest in Reliant Life Shares,  
12 it would not have put them on notice that Defendants UMB, BOU and FWT had  
13 dissipated their respective premium reserve accounts and could no longer make premium  
14 payments on the policies in which they invested.

15 151. Plaintiffs could only have discovered the additional facts alleged herein that  
16 UMB, BOU and FWT's premium reserve accounts had been dissipated no earlier than  
17 August 15, 2023 after a court appointed receiver filed an ex parte emergency application  
18 with the Los Angeles Superior Court in Reliant v. Cooper, Case Number B313602 on  
19 August 14, 2023 ("Cooper Litigation") divulging in a public record that Reliant had no  
20 funds to further operate or to pay premiums and is in "dire" risk of imminent collapse and  
21 the loss of all the amounts invested by all Class members. A true and correct copy of the  
22 Receiver's August 14, 2023 Ex Parte Application ("the Receiver's Ex Parte") is attached  
23 hereto as **Exhibit M.**

24 152. Plaintiffs James Reed,Carolynn Reed, Charles Prince, Brij Sharma and  
25 Bernard Daos had no knowledge of the facts as alleged herein related to the dissipation  
26 of the funds held in the UMB trust, the BOU trust, and the FWT trust until after the filing  
27 of this action on August 17, 2023 in the Los Angeles Superior Court.

28 153. Plaintiffs and other members of the putative class were precluded from

1 discovering the alleged claims pled in this SAC prior to December 14, 2022 because  
2 Defendants Reliant, Michaels, Grady, aided and abetted by Defendants UMB, BOU and  
3 FWT, concealed from Plaintiffs and the members of the Class the mismanagement of the  
4 four Reliant Trust, which held the insurance portfolio, as well as the true risks and the  
5 true nature of the investments, concealing, among other things, information regarding  
6 likely annual returns, the risks that investors would have to make future, out-of-pocket  
7 payments to keep the policies in force to protect their principal, the amount of expected  
8 future premiums, the data utilized in choosing the life insurance policies to be sold to  
9 investors as investments, and the fact that Defendants Grady and Michaels were looting  
10 Reliant and using investors funds which were supposed to be deposited into an account  
11 for the Reliant Trust to make future premium payments.

12 154. Plaintiffs discovered on or about August 15, 2023 in the Receiver's Ex Parte,  
13 that Defendants **concealed the wrongdoing for "several years"**. (Emphasis added.)  
14 (**Exhibit M**, 4:9-15) The Receiver states in his Ex Parte application: "The unfortunate  
15 reality is that Reliant did not retain sufficient funds in escrow, and in the last several  
16 years, it allowed Grady and his affiliates to withdraw and abscond with funds belonging  
17 to the company or investors that should have been used to pay policy premiums or basic  
18 business expenses. Reliant currently is unable to pay the premiums for the Portfolio. It  
19 has dozens of creditors. Additionally, the company has been named in administrative  
20 cease and desist proceedings and in multiple civil lawsuits alleging fraud and  
21 misrepresentation, violations for various securities law violations, among other things.  
22 The situation is dire."

### 23 **CIVIL CONSPIRACY / ALTER EGO ALLEGATIONS**

24 155. As set forth in California law, specifically CACI Jury Instruction 3600, "mere  
25 knowledge of a wrongful act without cooperation or an agreement to cooperate is  
26 insufficient to make [name of defendant] responsible for the harm." However, "a  
27 conspiracy may be inferred from circumstances, including the nature of the acts done, the  
28 relationships between the parties, and the interests of the alleged coconspirators." A

1 plaintiff “is not required to prove that [name of defendant] personally committed a  
2 wrongful act or that [he/she] knew all the details of the agreement or the identities of all  
3 the other participants.” As further explained in the *Sources and Authority* of CACI 3600,  
4 “Conspiracy is not a cause of action, but a legal doctrine that imposes liability on persons  
5 who, although not actually committing a tort themselves, share with the immediate  
6 tortfeasors a common plan or design in its perpetration. By participation in a civil  
7 conspiracy, a coconspirator effectively adopts as his or her own the torts of other  
8 coconspirators within the ambit of the conspiracy. In this way, a coconspirator incurs tort  
9 liability co-equal with the immediate tortfeasors.” CACI 3600, *Sources and Authority*,  
10 citing *Applied Equipment Corp. v. Litton Saudi Arabia Ltd.* (1994) 7 Cal.4th 503, 510–  
11 511.

12 156. Plaintiffs are informed and believe and based thereon allege, as detailed in  
13 the preceding paragraphs, that Reliant Defendants, aided and abetted by Defendants  
14 Cristina Trust, UMB, BOU and FWT, engaged in a civil conspiracy to commit the  
15 conduct alleged in this Second Amended Complaint (“SAC”), including but not limited  
16 to engage in the misrepresentations, omissions, suppression of facts, commingling and  
17 misappropriation of trust funds, by individuals and entities who were fiduciaries to  
18 Plaintiffs and the Class, who were bound to disclose those facts or who gives information  
19 of other facts that which are likely to mislead for want of communication of those facts  
20 (Civil Code Sections 1709, 1710) and breach of duties alleged herein, and aiding and  
21 abetting Defendant Reliant’s violations of Corporation Code Section 25401.

22 157. Plaintiffs and all those similarly situated were harmed by the acts of  
23 Defendants, and each of them, resulting in damages. Based on the existence of the  
24 conspiracy to commit the wrongdoing alleged herein, each defendant is vicariously liable  
25 for the wrongful acts of the other defendants.

26 **FIRST CAUSE OF ACTION**

27 **NEGLIGENCE**

28 **By Plaintiffs James Reed,Carolynn Reed, Charles Prince, Brij Sharma and**

**Bernard Daos for Themselves and the Class Against Reliant, RLS Grantor LLC,  
Scott Grady, Sean Michaels, and Does 1-20**

158. Plaintiffs reallege and incorporate by reference the preceding paragraphs in this SAC, save and except any allegations that could be interpreted and/or construed to allege gross negligence, intentional or willful conduct. This cause of action is intended to only allege negligent acts committed by Reliant and Defendants UMB, BOU and FWT. Moreover, this cause of action is pleaded in the alternative to the gross negligence and intentional torts alleged in this SAC.

159. Defendant Reliant held itself out on its website and in its marketing materials provided to potential investors as having special expertise in the Life Settlements industry to provide investors in evaluating and structuring life settlement transactions (“Life Settlements”) for potential investment, and therefore was required to exercise the skill and knowledge normally possessed by individuals and companies offering investments in Life Settlements. Additionally, because Life Settlements are securities regulated by the California Department of Corporations pursuant to Corporations Code section 25401, Defendant Reliant had a statutory duty to provide truthful, accurate, and complete disclosures in the sale of Life Settlement investments.

160. However, Defendant Reliant in performing their services for Plaintiffs and other investors failed to use reasonable care, and their conduct fell below the reasonable standard of care in choosing appropriate Life Settlement investments for its investors including utilizing Life Expectancy Evaluations from knowledgeable independent third parties with a background, education, training and experience in actuarial evaluations. Instead, Reliant relied upon life expectancy evaluations prepared by brokers who offered to sell life insurance policies to Reliant.

161. Plaintiffs are informed and believe that Defendants Reliant, Grady and Michaels either (1) negligently comingled and negligently transferred investor funds that were required to be placed in the trust accounts, and/or (2) negligently authorized and/or directed Defendants to UMB, BOU and FWT to distribute to Reliant, Michaels and Grady

1 amounts that were supposed to be used to purchase insurance policies and adequately  
2 fund reserve accounts in the Trusts to pay premiums to keep the policies held by the  
3 Reliant Trusts from lapsing.

4 162. When there were not sufficient funds in the reserve accounts to pay  
5 premiums, Defendants Grady and Michaels utilized capital calls on the investor  
6 Beneficiaries to make the premium payments.

7 163. Defendant Reliant was making specific affirmative representations in its  
8 Closing Packages, on its website, and in its marketing Brochures to potential investors  
9 about the Trustee Defendants to induce investors to invest in Reliant Life Shares. Those  
10 affirmative representations were that: (1) Trustee Defendants would serve as an  
11 “independent escrow agent and trustee.” (2) That “Life Shares are structured to protect  
12 the client’s holdings from any external threat through a trust structure . . .” (3) that the  
13 Trustee Defendants would “Hold all client monies in a separate escrow.” (4) That “The  
14 Trustee receives all investor funds into a subscription escrow account and upon direction  
15 from the investor places funds into each trust which holds the specific policy that the  
16 investor chooses to invest into.” (5) That “By using an independent and professional  
17 Trustee/Escrow Agent, client monies are only disbursed as directed in the purchase  
18 agreements.”

19 164. As alleged in the preceding paragraphs the Reliant and its principals were  
20 unlicensed, untrustworthy, engaged in irregular transactions outside the parameters of the  
21 applicable trust.

22 165. Reliant was negligent in not safeguarding investors’ funds as represented in  
23 Reliant’s Closing Packages, Reliant’s website and Brochures by following instructions  
24 from Defendants Grady and Michaels to transfer investor funds from Reliant to  
25 themselves in excess of what had been disclosed to investors, which allowed Grady and  
26 Michaels to make unauthorized distributions to themselves which depleted investors’  
27 funds should have been held in the Reliant Trusts to make premium payments on  
28 insurance policies held by the Reliant Trusts.

1 166. As a direct and proximate cause of Defendants' negligence, Plaintiffs and the  
2 Class Members were damaged in an amount to be proven at the time of trial.

3 **SECOND CAUSE OF ACTION**

4 **GROSS NEGLIGENCE**

5 **By Plaintiffs James Reed, Carolynn Reed, Charles Prince, Brij Sharma, and**  
6 **Bernard Daos for Themselves and the Class Against**  
7 **Reliant, RLS Grantor LLC, Scott Grady, Sean Michaels, and Does 1-20**

8 167. Plaintiffs reallege and incorporate by reference the preceding paragraphs,  
9 save and except any allegations that could be interpreted and/or construed to mean  
10 intentional or willful conduct. Moreover, this cause of action is pleaded in the alternative  
11 to the regular negligence and intentional torts alleged in this Second Amended Complaint.

12 168. Reliant made misrepresentations in Reliant's Closing Packages, on Reliant's  
13 website, and in Reliant's marketing Brochures that held the Trustee Defendants out as  
14 providing services to investors in a profession, as a professional trustee of Life Settlement  
15 trusts, and, therefore, the Trustee Defendants were required in acting as trustees of the  
16 Reliant Trust to exercise the skill and knowledge normally possessed by members of that  
17 profession. (Restatement 2nd of Torts, §299a.) Those statements made by the Reliant  
18 Defendants which were authorized by the Trustee Defendants caused investors to  
19 reasonably believe that the "trust structure" utilized by the Reliant Defendants would  
20 "ensure safekeeping of the assets placed in trust" and the Reliant Defendants authorized  
21 the Trustee Defendants "to act as custodian and trustee with sole signatory authority on  
22 the trusts' bank accounts.

23 169. Plaintiffs are informed and believe that rather than safeguard investor funds  
24 Defendants Reliant Grady and Michaels were directing the Trustee Defendants to  
25 distribute to them personally million dollars of investors' funds which were supposed to  
26 be used to purchase insurance policies and adequately fund reserve accounts held in the  
27 Trusts to pay premiums to keep the policies held by the Reliant Trusts from lapsing. When  
28 there were not sufficient funds in the reserve accounts to pay premiums, Defendants

1 Reliant Grady and Michaels utilized capital calls on the investor Beneficiaries to make  
2 the premium payments.

3 170. Defendant Reliant was making specific affirmative representations in its  
4 Closing Packages, on its website, and in its marketing Brochures to potential investors  
5 that Reliant was using the Trustee Defendants as independent professional trustees with  
6 experience working in the Life Settlements Industry and a trust structure to “ensure  
7 safekeeping of the assets placed in trust” and the Reliant Defendants authorized the  
8 Trustee Defendants “to act as custodian and trustee with sole signatory authority on the  
9 trusts’ bank accounts” to induce investors to invest in Reliant Life Shares. Those  
10 affirmative representations were that: (1) Trustee Defendants would serve as an  
11 “independent escrow agent and trustee.” (2) That “Life Shares are structured to protect  
12 the client’s holdings from any external threat through a trust structure . . .” (3) that the  
13 Trustee Defendants would “Hold all client monies in a separate escrow.” (4) That “The  
14 Trustee receives all investor funds into a subscription escrow account and upon direction  
15 from the investor places funds into each trust which holds the specific policy that the  
16 investor chooses to invest into.” (5) That “By using an independent and professional  
17 Trustee/Escrow Agent, client monies are only disbursed as directed in the purchase  
18 agreements.”

19 171. Plaintiffs are informed and believe that Defendants Reliant, RLS Grantor,  
20 LLC, Grady and Michaels were grossly negligent, engaged in willful misconduct, acted  
21 in bad faith and breached their duties under the covenant of good faith and fair dealing in  
22 engaging in unauthorized distributions of investors’ funds intended to be deposited into  
23 the Trusts’ reserve accounts to pay insurance premiums to prevent policies held in the  
24 Trusts from lapsing.

25 172. Defendant Reliant misrepresentations in Reliant’s Closing Packages, on  
26 Reliant’s website, and in Reliant’s marketing Brochures that held the Trustee Defendants  
27 out as providing services to investors in a profession, where designed to induce investors  
28 to invest based on a belief that the “trust structure” utilized by the Reliant Defendants

1 would “ensure safekeeping of the assets placed in trust” and the Reliant Defendants  
2 authorized the Trustee Defendants “to act as custodian and trustee with sole signatory  
3 authority on the trusts’ bank accounts.

4 173. Based on the foregoing, Defendants Reliant, Reliant Grantor, LLC, Grady  
5 and Michaels acted with want of even scant care and/or extremely departed from the  
6 ordinary standard of conduct.

7 174. Defendants were grossly negligent, engaged in wrongful conduct and  
8 breached the covenant of good faith and fair dealing.

9 **THIRD CAUSE OF ACTION**

10 **VIOLATION OF CORPORATE CODE §§ 25401 & 25501**

11 **By Plaintiffs James Reed, Carolynn Reed, Charles Prince, Brij Sharma and**  
12 **Bernard Daos for Themselves and the Class Against**  
13 **Reliant Defendants, Scott Grady, Sean Michaels and Does 1-20**

14 175. Plaintiffs incorporate by reference the preceding paragraphs including each  
15 wrongdoing, and lack of disclosure already alleged in the previous paragraphs of this  
16 Complaint.

17 176. As admitted by Defendant Reliant in **Exhibit I**, Purchase Agreement,  
18 fractionalized life shares are securities, and as such are subject to the California  
19 Corporations Code.

20 177. Defendant Reliant by reason of the of above mentioned facts as set forth  
21 herein and contained in allegations subsequently pled in this Third Cause of Action sold  
22 Plaintiffs and all members of the Class securities in violation of Corp. Code § 25401,  
23 which prohibits offers or sales of securities including investment opportunities by means  
24 of a written or oral communication that contain: “Untrue statement[s] of a material fact  
25 or omits to state a material fact necessary in order to make the statement[s] made, in light  
26 of the circumstances under which they were made, not misleading.”

27 178. The State of California Business, Consumer Services and Housing Agency’s  
28 Department of Financial Protection and Innovation (“Department of Financial

1 Protection”) issued a Desist and Refrain Order (“Order”) to Defendant Reliant on  
2 December 14, 2022, a true and correct copy of which is attached hereto as **Exhibit D**. In  
3 that Order the Commissioner found that:

4 In connection with the offer or sale of securities, Reliant and its  
5 agents made untrue statements of material fact and material  
6 omissions to potential investors, including but not limited to the  
7 following:

8 a. That the risk of a premium call was close to zero or just  
9 about zero, that 97% of policies pay out on time, that  
10 policy payout periods would range anywhere from a few  
11 months to a maximum of five years and that very seldom  
12 did Reliant have someone living past the 5-year mark, and  
13 that the company was almost always right on life  
14 expectancy. These statements misrepresented, or omitted  
15 material facts, about Reliant’s actual performance.

16 b. Stating in Reliant’s sales materials that “The history of  
17 actual maturities for life settlement policies shows that,  
18 like a bell curve, approximately half of all policies mature  
19 before the expected life expectancy date, and half after.”  
20 This statement implied to investors that Reliant had the  
21 same performance when it did not.

22 179. The Order summarized the Commissioner’s findings:

23 Based on the forgoing findings, the Commissioner is of the  
24 opinion that Reliant offered or sold securities in California by  
25 means or oral or written communications which included untrue  
26 statements of material facts or omitted to state material facts  
27 necessary in order to make the statements made, in light of the  
28 circumstances under which they were made, not misleading, in

1 violation of Corporations Code section 25401.

2 180. Attached as **Exhibit A** to this Second Amended Complaint is a true and  
3 correct Copy of a Reliant Marketing Brochure which was provided to Plaintiffs James  
4 and Carolyn Reed, and the Class. On page 9 of that Brochure it states the same language  
5 with the Commissioner found to be misleading in the Order:

6 “The history of all maturities for life settlement policies shows  
7 that, like a bell curve, approximately half of all policies mature  
8 before the estimated life expectancy date, and half after. This  
9 outcome is an indication of the quality of estimates used. It also  
10 further supports the investment strategy of a diversified  
11 portfolio of fractional interests in life settlements.”

12 181. The areas of untrue statements, concealment and or violations that also go to  
13 the elements of breach of fiduciary duty and wrongdoing, include inter alia:

- 14 a. Defendant Reliant did not properly portray the statistics associated with prior  
15 Reliant’s investments concerning its ability to meet its life expectancy  
16 estimates after a decade of being in business and not portraying truthfully the  
17 consequences of what happens when the life expectancy premium reserves  
18 are exhausted leaving no funds to pay premiums.
- 19 b. Defendants Reliant, Michaels and Grady failed to provide the information to  
20 investors required by Cal Corporate Code §25102(q) about the issuer and or  
21 information about the issuer important to know including but not limited to  
22 the information required in Corporate Code §25102(q) (3) (A—G)-especially  
23 omitted were the names directors, officers, partners, members, or trustees of  
24 the issuer. In effect Defendants fail to explain who owned and operated  
25 Reliant as required by law.
- 26 c. Defendant Reliant failed to disclose Defendant Scott Grady, who was an  
27 owner, member and manager of Reliant, had been disbarred by the California  
28

1 State Bar.

- 2 d. Defendants Reliant, Michaels and Grady failed to disclose that Defendant  
3 Reliant was not licensed by the Insurance Department of the State of  
4 California, and therefore were not permitted to sell life settlements in  
5 California.
- 6 e. Defendants Reliant, Michaels and Grady made written misrepresentations to  
7 potential investors in the Purchase Agreements, on Reliant's websites, and in  
8 Reliant's marketing Brochures that the investors funds would be safeguarded  
9 by using a "trust structure" with independent trustees who had sole signatory  
10 authority of the several Reliant Trusts' bank accounts and in in Section 2.3  
11 of each of the trusts agreements that the "purpose" as applicable to the Trust  
12 Assets associated with each Series of the Trusts were "for the sole benefit of  
13 those Persons that become Beneficiaries with respect to such Series and Trust  
14 Assets."
- 15 f. Defendants Reliant, Grady and Michaels omitted disclosing that they were  
16 routinely directing the Trustee Defendants to issue large checks to Grady and  
17 Michaels, which payment were rendering Reliant insolvent such that there  
18 were not sufficient funds in the Trusts' bank accounts to make premium  
19 payments on the insurance policies owned by the Trusts, which resulted in  
20 Reliant sending letters to investors that they had to pay additional funds for  
21 premium payments or they would lose their investments in the policies in  
22 which they had a fractionalized interest.

23 182. Defendants Reliant, Grady and Michaels sold fractional life settlements by  
24 making false and misleading statements as set forth above and the Trustee Defendants  
25 knew or should have known that the statements made by Reliant and its principals were  
26 false and/or that they were concealing material facts when Defendants Reliant, Grady and  
27 Michaels directed the Trustee Defendants to make irregular transactions and when  
28 premiums could not be paid. Defendants Reliant, Michaels and Grady knew or should

1 have known that there were important facts that needed to be known to make a proper  
2 informed decision on the investments. As a result, the investments were portrayed in a  
3 false light and Plaintiffs and Class members did not have sufficient material facts to make  
4 an informed decision about investing in Reliant Life Shares.

5 183. It was also an improper to do the above and take investor's money under the  
6 circumstances set forth in this First Amended Complaint. Plaintiffs are informed and  
7 believe that Defendants Reliant, Michaels and Grady failed to describe the investment  
8 truthfully especially when describing how debilitating the premiums can become as the  
9 insured ages, and how the rising premiums affects the rate of return.

10 184. Selling securities and/or an investment opportunity like this under these  
11 pretenses or while omitting material facts is a deception and involved misrepresentation  
12 of material facts in violation of California Corp Code §25401.

13 185. Plaintiffs and members of the Class relied upon the above misrepresentations  
14 and failures to disclose material facts to make their investments in Reliant Life Shares.  
15 The reliance was reasonable and justified based upon the circumstances.

16 186. By reason of the above, Plaintiffs and members of the Class are entitled to  
17 rescission and damages, and or the damages set forth in Civil Codes §25501 or 25501.5,  
18 or according to all remedies available by law.

19 187. Defendants Reliant, Michael and Grady's conduct was in reckless disregard  
20 for the rights and safety of Plaintiffs and all Class members and constitutes oppression,  
21 fraud, and malice such that punitive and / or exemplary damages are appropriate pursuant  
22 to either Civil Code section 3294, section 3345 or both.

23 188. Plaintiffs seek all damages allowed by law for the above-described  
24 wrongdoing including costs of suit, investigation, and attorneys' fees if provided by  
25 statute.

26 **FOURTH CAUSE OF ACTION**

27 **BREACH OF FIDUCIARY DUTY**

28 **by all named Plaintiffs on behalf of themselves and the members of the Class**

**against Defendants Reliant, Michaels and Grady and Does 1-20**

189. Plaintiffs incorporate by reference the preceding paragraphs of this SAC as though set forth in full at this point.

190. By virtue of the terms in the UMB trust agreement, the BOU trust agreement, and the FWT trust agreement defendants Reliant, Grady and Michaels gained and maintained complete control of the funds invested by Plaintiffs and all members of the Class. In each of the trust agreements for the trusts administered by Defendants UMB, FWTB and BOU it defines “Beneficiary” as the “registered owner of a beneficial interest in a Series as set forth in the Security Register.” (See **Exhibit L** attached to this SAC). Each investor received a “Certificate” signed by a trustee in the form attached as Exhibit C to each trust agreement.

191. A copy of a Certificate issued to class member Brij Sharma signed by Defendant UMB as trustee is attached to this SAC as **Exhibit L**.

192. In each of the three separate trust agreements which Reliant created, Reliant as “Grantor” retained sole authority to direct each trustee to act, and trustees Cristina trust, UMB, BOU and FWT had no discretion to act without the written direction of the Grantor. Section 4.1 (e), entitled “Powers and Authority of Trustee is states:

(e) To establish and maintain one or more Trust Accounts in the name of each Series of the Trust; to deposit into such Trust Accounts payments received in respect of the Trust Assets of such Series, and to make deposits into and cause disbursements to be made from such Trust Accounts in accordance with the terms and provisions of this Agreement; for the avoidance of doubt, the Trustee shall not be responsible for handling any funds relating to insurance premium payments and/or any other payments to be made in respect of the Policies held directly or indirectly by any Series, it being understood that the Grantor shall have sole and exclusive responsibility for such payments

1 and all matters related thereto.

2 193. The effect of Section 4.1(e) is that each trustee was to establish a “Premium  
3 Reserve Account” (“PRA”) and to deposit the investors funds into that PRA to pay future  
4 premiums on the insurance policies held by the trust, but the trustee would not be  
5 responsible for the handling of the funds in the PRA as the Grantor had “sole and  
6 exclusive responsibility for providing direction to the trustee in relation to such  
7 payments.”

8 194. In the last paragraph in Section 4.1 of each trust agreement it states:

9 Except as otherwise specifically provided in this Agreement, the  
10 Trustee shall not have any discretionary powers or authority with  
11 respect to the Trust or the administration of this Agreement, and  
12 shall in all respects act at the direction of the Grantor as provided  
13 herein. Neither the power to give directions to the Trustee or any  
14 other Person, nor the exercise of such power by any Person  
15 (including the Beneficiaries) shall cause such Person to have any  
16 duties (including fiduciary duties) or any liabilities related  
17 thereto to the Trust or to any Beneficiary thereof.

18 195. The effect of these identical paragraphs in the UMB trust agreement, the  
19 BOU trust agreement, and the FWT trust agreement was to totally restrict the trustees  
20 UMB,’ BOU’ and FWT’s discretion with respect to the Trust Assets and to require  
21 trustees UMB, BOU and FWT to perform their duties as trustees and engage in activities  
22 exclusively as directed by Reliant, Grady and Michaels.

23 196. As *defacto* trustees, Reliant, Grady and Michaels owed Plaintiffs and each  
24 member of the Class a fiduciary duty under California law, including the duties of loyalty,  
25 honesty and full disclosure of all material facts regarding the Reliant Life Shares  
26 Program.

27 197. Defendants Reliant, Grady and Michaels breached their fiduciary duties to  
28 Plaintiffs and all members of the Class by making misrepresentations on Reliant’s

1 website and in Reliant's marketing brochures that the investors' funds would be  
2 "safeguarded" by defendants UMB, BOU and FWT because those trustees had sole  
3 signatory authority over each trusts' bank accounts. That was a uniform  
4 misrepresentation made to all class members.

5 198. Defendants Reliant, Grady and Michaels breached their fiduciary duties to  
6 Plaintiffs and all Class members by (i) transferring funds in Series within the UMB trust,  
7 and the BOU trust without providing written notice to the beneficiaries that their funds  
8 were being dissipated.

9 199. Plaintiffs and all Class members have been damaged by the breaches of  
10 fiduciary duties as alleged in this cause of action in an amount to be proved at trial.

11 200. Because the conduct of Defendants Reliant, Grady and Michaels was  
12 malicious, oppressive and fraudulent Plaintiffs and all members of the Class are entitled  
13 to an award of exemplary damages and punitive damages according to proof at the time  
14 of trial.

15 **FIFTH CAUSE OF ACTION**  
16 **FOR FINANCIAL ELDER ABUSE**

17 **By Plaintiffs James Reed, Charles Prince and Brij Sharma against Defendants**  
18 **Reliant, Grady, Michales and Does 1-20.**

19 201. Plaintiffs James Reed, Charles Prince and Brij Sharman incorporate all prior  
20 paragraphs of this SAC at this point as though set forth in full.

21 202. As an "elder," within the meaning of Welf. & Inst. Code § 15610.27, Plaintiff  
22 James Reed and members of the Elder Abuse Subclass were entitled to the heightened  
23 rights and special statutory protections provided by California's Elder and Dependent  
24 Adult Civil Protection Act set forth in Welf. & Inst. Code § 15600 et sec.

25 203. Under Welf. & Inst. Code § 15610.30, a person is liable for financial elder  
26 abuse or for assisting financial elder abuse if they obtained the elder's property when they  
27 knew or should have known that the conduct is likely to be harmful to the elder, including:  
28 (1) hiding, taking, retaining, obtaining and/or misappropriating Plaintiff's property,

1 which is what has been alleged in this Complaint, or (2) by the Trustee Defendants  
2 assisting and aiding and abetting Defendants Reliant, Michaels and Grady in harming the  
3 members of the Elder Abuse Subclass.

4 204. Defendants Reliant, Grady and Michaels conduct in selling Plaintiff James  
5 Reed and the other members of the Elder Abuse Subclasses Reliant Life Share  
6 investments was a predatory practice employed to take advantage of a vulnerable elderly  
7 persons for their own financial gain or if not intended to do so, it had that effect, and after  
8 knowing this, these Defendants kept doing it, implying total purposeful intent to take  
9 advantage instead of protecting these individuals.

10 205. Because Plaintiff James Reed, Charles Prince, and Brij Sharma and each  
11 Elder Abuse Subclass member were required to include their date of birth in their  
12 respective Reliant Purchase Agreements, Defendants Reliant, Michaels, Grad knew  
13 which investors were over the age of 65 at the date they invested in Reliant Life Shares.  
14 Despite being in possession of the above facts, Defendants Reliant, Michaels, Grady,  
15 knowingly committed Financial Elder Abuse on Plaintiff James Reed and the members  
16 of the Elder Abuse Subclass.

17 206. The conduct of Reliant, Michaels and Grady, as previously alleged, was in  
18 reckless disregard for the rights and safety of Plaintiffs and the members of the Elder  
19 Abuse Subclass and proximately caused economic and non-economic damages to  
20 Plaintiffs James Reed Charles Prince, Brig Sharma and to the members of the Elder  
21 Abuse Subclass.

22 207. The damages to Plaintiffs James Reed, Charles Prince, Brij Sharma and the  
23 Elder Abuse Subclasses are to be trebled, and attorney's fees allowed by statute between  
24 the parties. Defendants Reliant,' Michaels,' and Grady's conduct was in reckless  
25 disregard for the rights and safety of the James Reed, Charles Prince, Brij Sharma and  
26 Elder Abuse Plaintiffs and constitutes oppression, fraud, and malice such that exemplary  
27 damages are appropriate and requested under either Civil Code sections 3294 or 3345 or  
28 both.

**SIXTH CAUSE OF ACTION**  
**FOR VIOLATION UNFAIR BUSINESS PRACTICES**  
**(Bus. & Prof. Code §§ 17203 et seq.)**

**By all Plaintiffs for themselves and the Class Against All Defendants Reliant,  
Grady and Michaels and Does 1-20**

208. Plaintiffs incorporate by reference all the above paragraphs as though fully set forth herein, including negligence, wrongdoing, deceit, and lack of disclosure already alleged in the general allegations section of this SAC and such allegation in any previous cause of action.

209. At all times relevant hereto, California Business and Professions Code §§17200, et seq., were in full force and effect. Section 17200 of the Business and Professions Code provides, in relevant part, that “unfair competition shall mean and include any unlawful, unfair, or fraudulent business act or practice. . .”

210. Defendants Reliant, Grady and Michaels and Does 1-20, and each of them, are “persons” as defined under Business and Professions Code §17021. Each of the directors, officers, and/or agents of Defendants, are equally responsible for the acts of the other directors, officers, employees and/or agents as set forth in Business and Professions Code §17095.

211. Plaintiffs and all members of the Class have suffered injury in fact and have lost money as a result of the conduct of Defendants Reliant, Grady and Michaels as previously alleged. As alleged herein above, Defendants Reliant, Grady and Michaels engaged in an unfair, unlawful and deceptive business practices in the sale of Reliant investments.

212. The conduct of Defendants Reliant, Grady and Michaels and those acting in the course and scope of their agency of Defendants, in making negligent misrepresentations regarding Reliant to the public, was wrongful. Defendants Reliant, Grady and Michaels failed to conduct due diligence prior to making the uniform representations about Reliant and its program that were repeated to Plaintiffs and

1 members of the Class on websites and in Reliant's marketing brochures when soliciting  
2 Plaintiffs to invest in Reliant's program. Defendants Reliant, Grady and Michaels failed  
3 to adequately train and supervise agents as alleged in the DFPI's Refrain and Desist  
4 Order.

5 213. Defendant Reliant, Grady and Michaels failed to adequately train and  
6 supervise agents, to prevent them from encouraging from purchasing life settlements in  
7 reliance on uniform misrepresentations and failures to disclose material facts on Reliant's  
8 website and in Reliant's marketing brochures.

9 214. Through their actions alleged herein, Defendants Reliant, Grady and  
10 Michaels have engaged in unfair competition within the meaning of California Business  
11 & Professions Code § 17200, because their conduct constituted an unfair business  
12 practice perpetrated against members of the general public.

13 215. Business and Professions Code §17203 provides that the Court may take  
14 those steps necessary to prevent such unfair conduct and may order Defendants to pay  
15 restitution to an aggrieved party.

16 216. Section 17202 of the California Business and Professions Code states:  
17 "Notwithstanding Section 3369 of the Civil Code, specific or preventive relief may be  
18 granted to enforce a penalty, forfeiture, or penal law in a case of unfair competition."

19 217. As the actual and proximate cause of Defendants Reliant, Grady and  
20 Michaels engaging in unfair business practices in violations of California Business &  
21 Professions Code section 17200, et seq., Plaintiffs have lost, or are likely to lose their  
22 investments totaling an amount to be established at trial. Plaintiffs seek all equitable  
23 remedies available, including but not limited to restitution, disgorgement and an equitable  
24 accounting.

25 **SEVENTH CAUSE OF ACTION**

26 **NEGLIGENCE**

27 **By all named Plaintiffs and members of the Class against Defendants**  
28 **Christiana UMB Bank, Bank of Utah, and First West Trust Bank and Does 1-20.**

1           218. Plaintiffs reallege and incorporate by reference all preceding paragraphs in  
2 this SAC, save and except any allegations that could be interpreted and/or construed to  
3 mean gross negligence, intentional or willful conduct. This cause of action is intended to  
4 only allege negligent acts committed by Defendants Christiana UMB, FWT, and BOU.  
5 Moreover, this cause of action is pleaded in the alternative to the gross negligence and  
6 intentional torts alleged in this SAC.

7           219. Defendant Reliant held itself out on its website and in its marketing  
8 Brochures provided to potential investors as having special expertise in the Life  
9 Settlements industry to provide investors in evaluating and structuring life settlement  
10 transactions (“Life Settlements”) for potential investment, and therefore was required to  
11 exercise the skill and knowledge normally possessed by individuals and companies  
12 offering investments in Life Settlements. Additionally, because Life Settlements are  
13 securities regulated by the California Department of Corporations pursuant to  
14 Corporations Code section 25401, Defendant Reliant had a statutory duty to provide  
15 truthful, accurate, and complete disclosures in the sale of Life Settlement investments.  
16 However, Defendant Reliant in performing their services for Plaintiffs and other investors  
17 failed to use reasonable care, and their conduct fell below the reasonable standard of care  
18 in choosing appropriate Life Settlement investments for its investors including utilizing  
19 Life Expectancy Evaluations from knowledgeable independent third parties with a  
20 background, education, training and experience in actuarial evaluations. Instead, Reliant  
21 relied upon life expectancy evaluations prepared by brokers who offered to sell life  
22 insurance policies to Reliant.

23           220. Plaintiffs are informed and believe that the Trustee Defendants UMB, BOU  
24 and FWT as trustees of the separate Reliant Trusts had actual knowledge that the amount  
25 of premium reserves established by Reliant at the UMB trust, the BOU Trust, and the  
26 FTW trust chronically were not sufficient to pay premiums on the policies held in the  
27 UMB trust, the BOU Trust, and the FWT trust because Reliant was regularly causing  
28 UMB and BOU to transfer funds to the FTW trust.

1           221. Plaintiffs are informed and believe that Defendants UMB, BOU and FWT,  
2 as trustees of their respective Reliant Trusts, negligently permitted and authorized  
3 Defendant Reliant to make representations in Reliant's Closing Packages, on Reliant's  
4 websites related to UMB and BOU, in Reliant's marketing brochures touting BOU and  
5 UMB, and in Reliant's Closing Packages that held Defendants UMB, BOU and FWT out  
6 as providing services to investors in a profession, as a professional trustee of Life  
7 Settlement trusts, and, therefore, Defendants UMB, BOU and FWT were required in  
8 acting as trustees of the Reliant Trust to exercise the skill and knowledge normally  
9 possessed by members of that profession. (Restatement 2nd of Torts, §299a.) Those  
10 statements made by the Reliant Defendants which were authorized by Defendants UMB  
11 and BOU on Reliant's websites and marketing brochures, and in the UMB, BOU and  
12 FWT Closing Packages caused investors to reasonably believe that the "trust structure"  
13 utilized by the Reliant Defendants would "ensure safekeeping of the assets placed in  
14 trust" and the Reliant Defendants authorized Defendants UMB and BOU "to act as  
15 custodian and trustee with sole signatory authority on the trusts' bank accounts.

16           222. Plaintiffs are informed and believe that Defendants Reliant, Grady and  
17 Michaels either (1) comingled and misappropriated investor funds that were required to  
18 be placed in the trust accounts, and/or (2) authorized and/or directed Defendants UMB,  
19 BOU and FWT to distribute investors funds in collection accounts, escrow accounts, and  
20 premium reserve accounts that were supposed to be used to purchase insurance policies  
21 and adequately fund premium reserve accounts in the UMB trust, the BOU trust, and the  
22 FWT trust to pay premiums to keep the policies held by each trust from lapsing.

23           223. As professional trustees with experience in administering life settlement  
24 trusts pursuant to the each of the trust agreements, Defendants UMB, BOU and FWT had  
25 a duty to Plaintiffs and members of the Class, who were beneficiaries of their respective  
26 trusts to notify the Beneficiaries that funds that were supposed to be used to pay premiums  
27 were being looted by Defendants Reliant, Grady and Michaels.

28           224. Plaintiffs are informed and believe that Defendants UMB, BOU and FWT

1 knew that Defendant Reliant was making specific affirmative representations in its  
2 Closing Packages as to UMB, BOU, and FWT, on its website as to UMB and BOU, and  
3 in its marketing brochures as to UMB and BOU to potential investors about Defendants  
4 UMB, BOU and FWT to induce investors to invest in Reliant Life Shares. Those  
5 affirmative representations were that: (1) Defendants UMB and BOU would serve as an  
6 “independent escrow agent and trustee.” (2) That “Life Shares are structured to protect  
7 the client’s holdings from any external threat through a trust structure . . .” (3) that  
8 Defendants UMB, BOU and FWT would “Hold all client monies in a separate escrow.”  
9 (4) That “The Trustee receives all investor funds into a subscription escrow account and  
10 upon direction from the investor places funds into each trust which holds the specific  
11 policy that the investor chooses to invest into.” (5) That “By using an independent and  
12 professional Trustee/Escrow Agent, client monies are only disbursed as directed in the  
13 purchase agreements.”

14 225. As alleged in the preceding paragraphs Defendants Cristiana, UMB, BOU  
15 and FWT knew or should have known that Reliant and its principals were unlicensed,  
16 untrustworthy, engaged in irregular and atypical transactions outside the parameters of  
17 the applicable trust agreements which named UMB, BOU, and FWT as trustees.

18 226. Defendants Christiana, UMB, BOU, and FWT were negligent in not  
19 safeguarding investors’ funds as represented in Reliant’s Closing Packages, Reliant’s  
20 website and brochures as to Defendants UMB and BOU by following instructions from  
21 Reliant Defendants, transfer investor funds from their respective collection, escrow and  
22 premium reserve accounts to Reliant, violation of trust agreements and in excess of what  
23 had been disclosed to investors, which allowed Reliant Defendants to themselves and to  
24 pay third parties, including attorneys’ fees to both Reliant and Grady attorney Stevens  
25 and to Cooper’s attorney Buchalter in the Cooper Litigation. The commingling and  
26 misappropriation depleted investors’ funds that should have been held in the UMB trust,  
27 the BOU trust, and the FWT trust to make premium payments on insurance policies held  
28 by their respective trusts.

1           227. As a direct and proximate cause of Defendants' UMB,' BOU' and FWT's  
2 negligence, Plaintiffs and the Class Members were damaged in an amount to be proven  
3 at the time of trial.

4                                   **EIGHTH CAUSE OF ACTION**

5                                   **GROSS NEGLIGENCE**

6           **By all named Plaintiffs and members of the Class against Defendants**  
7           **Christiana, UMB Bank, Bank of Utah, First West Trust Bank and Does 1-20.**

8           228. Plaintiffs incorporate by reference at this point all prior allegations in this  
9 SAC except the allegations in the Seventh Cause of Action that Defendants UMB, BOU  
10 and FWT were negligent.

11           229. Defendant Reliant held itself out on its website and in its marketing brochures  
12 provided to potential investors as having special expertise in the life settlements industry  
13 to provide investors in evaluating and structuring life settlement transactions ("Life  
14 Settlements") for potential investment, and therefore was required to exercise the skill  
15 and knowledge normally possessed by individuals and companies offering investments  
16 in Life Settlements. Additionally, because Life Settlements are securities regulated by the  
17 California Department of Corporations pursuant to Corporations Code section 25401,  
18 Defendant Reliant had a statutory duty to provide truthful, accurate, and complete  
19 disclosures in the sale of Life Settlement investments. However, Defendant Reliant in  
20 performing their services for Plaintiffs and other investors failed to use reasonable care,  
21 and their conduct fell below the reasonable standard of care in choosing appropriate Life  
22 Settlement investments for its investors including utilizing Life Expectancy Evaluations  
23 from knowledgeable independent third parties with a background, education, training and  
24 experience in actuarial evaluations. Instead, Reliant relied upon life expectancy  
25 evaluations prepared by brokers who offered to sell life insurance policies to Reliant.  
26 Discovery is ongoing and it is not yet known whether Reliant fully funded the premium  
27 reserves at Defendants UMB, BOU and FWT as recommended by the third parties that  
28 prepared the life evaluations which were provided to potential investors.

1           230. Plaintiffs are informed and believe that Defendants UMB, BOU, and FWT  
2 as trustees of the UMB trust, the BOU trust, and the FWT trust were grossly negligent in  
3 permitting and authorizing Defendant Reliant to make representations in Reliant's  
4 Closing Packages, on Reliant's website as to Defendants UMB and BOU, and in Reliant's  
5 marketing brochures as to Defendants UMB and BOU that held out Defendants UMB,  
6 BOU and FWT as providing services to investors in a profession, as a professional trustee  
7 of life settlement trusts, and, therefore, Defendants UMB, BOU, and FWT were required  
8 in acting as trustees of the Reliant trusts to exercise the skill and knowledge normally  
9 possessed by members of that profession. (Restatement 2nd of Torts, §299a.) Those  
10 statements made by the Reliant Defendants which were authorized by the Defendants  
11 UMB and BOU on Reliant's website and Reliant's marketing brochures and in Reliant's  
12 Closing Packages as to Defendants UMB, BOU and FWT caused investors to reasonably  
13 believe that the "trust structure" utilized by the Reliant Defendants would "ensure  
14 safekeeping of the assets placed in trust" and the Reliant Defendants authorized  
15 Defendants UMB and BOU "to act as custodian and trustee with sole signatory authority"  
16 on the UMB, and BOU' trust accounts.

17           231. Plaintiffs are informed and believe that Defendants Reliant, Grady and  
18 Michaels either (1) comingled and misappropriated investor funds that were required to  
19 be placed in the trust accounts, and/or (2) authorized and/or directed Defendants UMB,  
20 BOU and FWT to distribute to Reliant, Michaels and Grady and third parties amounts  
21 that were supposed to be used to purchase insurance policies and adequately fund reserve  
22 accounts in the trusts administered by UMB, BOU and FWT to pay premiums to keep  
23 the policies held by the UMB trust, the BOU trust and the FWT trust from lapsing.

24           232. When there were not sufficient funds in the premium reserve accounts to pay  
25 premiums, Defendants Reliant, Grady and Michaels utilized Capital Calls on the investor  
26 beneficiaries to make the premium payments. As professional trustees with experience in  
27 administering life settlement trusts, pursuant to the trust agreements themselves, UMB,  
28 BOU, and FWT had a duty to Plaintiffs and members of the Class, who were beneficiaries

1 of the UMB trust, the BOU trust, and the FWT to notify the beneficiaries that funds that  
2 were supposed to be used to pay premiums were being dissipated by Defendants Reliant,  
3 Grady and Michaels, and that caused depletion in their respective premium reserve  
4 accounts such that UMB, BOU and FWT could not make premium payments on policies  
5 held in their respective trusts.

6 233. Defendants UMB, BOU and FWT had actual knowledge that Defendant  
7 Reliant was making specific affirmative representations in its Closing Packages, on its  
8 website as to UMB and BOU, and in its marketing brochures as to UMB and BOU to  
9 potential investors about Defendants UMB, BOU, and FWT to induce investors to invest  
10 in Reliant Life Shares. Those affirmative representations were that: (1) Trustee  
11 Defendants would serve as an “independent escrow agent and trustee.” (2) That “Life  
12 Shares are structured to protect the client’s holdings from any external threat through a  
13 trust structure . . .” (3) that Defendants UMB, BOU and FWT would “Hold all client  
14 monies in a separate escrow.” (4) That “The Trustee receives all investor funds into a  
15 subscription escrow account and upon direction from the investor places funds into each  
16 trust which holds the specific policy that the investor chooses to invest into.” (5) That  
17 “By using an independent and professional Trustee/Escrow Agent, client monies are only  
18 disbursed as directed in the purchase agreements.”

19 234. As alleged in the preceding paragraphs Defendants UMB, BOU and FWT  
20 knew or should have known that Reliant and its principals were unlicensed,  
21 untrustworthy, engaged in irregular transactions outside the parameters of the applicable  
22 trust agreements for which UMB, BOU, and FWT were trustees.

23 235. Defendants UMB, BOU and FWT were grossly negligent in not safeguarding  
24 investors’ funds as represented in Reliant’s Closing Packages, Reliant’s website and  
25 brochures as to UMB and BOU, by following instructions from Defendants Reliant,  
26 Grady and Michaels to transfer investor funds from UMB’, BOU’, and FWT’ trust  
27 accounts to Reliant, Grady and Michaels and third parties in excess of what had been  
28 disclosed to investors, which allowed Reliant, Grady and Michaels to make unauthorized

1 distributions to themselves, their alter ego entities, and third parties which depleted  
2 investors' funds should have been held in the UMB trust, the BOU trust, and the FWT to  
3 make premium payments on insurance policies held by UMB in the UMB trust, on  
4 policies held by BOU in the BOU trust, and policies held by FWT in the FWT trust.

5 236. As a direct and proximate cause of Defendants UMB,' BOU and FWT's  
6 gross negligence, Plaintiffs and the Class Members were damaged in an amount to be  
7 proven at the time of trial.

8 **NINTH CAUSE OF ACTION**  
9 **BREACH OF FIDUCIARY DUTY**

10 **By all named Plaintiffs against Defendants UMB, BOU, FWT and Does 1-20**

11 237. Plaintiffs incorporate by reference all prior causes of action in this SAC at  
12 this point as set forth in full.

13 238. Defendant Reliant was not licensed by the State of California to sell Life  
14 Settlements in the State of California to California residents. On each Beneficial Interest  
15 Certificate ("Certificate") signed by Defendants UMB, BOU and FWT as trustee there  
16 was a legend in capital letters which stated:

17 IN ADDITION, THIS CERTIFICATE HAS NOT BEEN AND  
18 WILL NOT BE REGISTERED UNDER CALIFORNIA  
19 SECURITIES LAWS. THE HOLDER HEREOF, BY  
20 ACQUIRING THIS CERTIFICATE AGREES THAT THIS  
21 CERTIFICATE MAY ONLY BE OFFERED, SOLD,  
22 PLEDGED OR OTHERWISE TRANSFERRED IN  
23 COMPLIANCE WITH CALIFORNIA SECURITIES LAWS  
24 AND, IN PARTICULAR ONLY TO "QUALIFIED  
25 PURCHASERS" AS DEFINED IN THE CALIFORNIA  
26 CORPORATIONS CODE.

27 239. In each Class members Risk Disclosure, which was an addendum to each of  
28 their Purchase Agreements in the Closing Packet each investor received from Reliant it

1 stated that California law would apply. Each investor had to represent too Reliant in the  
2 Investor's Purchase Agreement that they were a resident of the State of California.

3 240. Attached to each investors' Purchase Agreement was a document entitled  
4 "Risk Disclosure," which document had a legend in bold typeface which stated that  
5 California law applied to the investor's transaction:

6 **WARNING: Do not sign this Agreement unless you wish to be Legally**  
7 **bound. This Agreement is subject to the laws of the State of California**  
8 **and the United States . . .** (Emphasis in original)

9 241. Each investors' Purchase Agreement contained an arbitration agreement  
10 stating that any disputes would be arbitrated at the Judicial Arbitration & Mediation  
11 Services in Los Angeles, California.

12 242. Based on reviewing Reliant's websites, its marketing brochures, and all the  
13 documents Reliant provided to Class members there was no disclosure to investors that  
14 Connecticut law would apply to the UMB trust, the BOU trust, or the FWT trust.

15 243. Based on reviewing Class members documents, no Class member was  
16 provided with a copy of the UMB trust agreement, the BOU trust agreement, or the FWT  
17 trust agreement.

18 244. The legislative history for the statute that permits life settlements to be sold  
19 in California states that California has a public interest in enforcing its laws related to the  
20 sale of life settlements.

21 245. Under California law Defendants UMB, BOU, and FTW by serving as  
22 trustees of the UMB trust, the BOU trust, and the FWT trust owed fiduciary duties to  
23 Plaintiffs and all members of the Class and the UMB Subclass, the BOU Subclass and  
24 the FTW Subclass.

25 246. Defendant UMB breached its fiduciary duties to Plaintiffs Prince, Daos,  
26 James Reed and Carolyn Reed and all members of the UMB Subclass for which they are  
27 class representatives as set forth in this Ninth Cause of Action.

28 247. Defendant BOU breached its fiduciary duties to Plaintiffs Sharma and Daos

1 and all members of the BOU Subclass for which Plaintiffs Sharma and Daos are the class  
2 representative as set forth in this Ninth Cause of Action.

3 248. Defendant FWT breached its fiduciary duties to Plaintiffs James Reed and  
4 Carolynn Reed and all members of the FTW Subclass for which Plaintiffs James and  
5 Carolynn Reed are the class representatives as set forth in this Ninth Cause of Action.

6 249. Defendant Reliant through its statements in its Closing Packages as to UMB,  
7 BOU and FWT, Reliant's website and marketing brochures as to Defendants UMB and  
8 BOU, encouraged Plaintiffs and all Class members to repose trust and confidence in  
9 UMB as the trustee of the UMB trust, in BOU as trustee of the BOU trust, and FTW as  
10 trustee of the FTW trust. Plaintiffs and all Class members were justified in reposing trust  
11 and confidence in UMB, BOU, and FWT based on the statements made about UMB,  
12 BOU, and FWT by Reliant in the Closing Packages as to UMB, BOU and FWT, on  
13 Reliant's website and its marketing brochures as to UMB and BOU. The Reed Plaintiffs  
14 and all members of the FWT Subclass which they represent were justified in reposing  
15 trust and confidence in Defenant FWT by virtue of Reliant sending them letters informing  
16 them that FWT was a successor trustee to the Cristina Trust which held the policies in  
17 the Reeds and the members of the FTW Subclass had a beneficial fractionalized interest.

18 250. Defendants UMB, BOU, and FWT voluntarily undertook duties to the  
19 beneficiaries of the trusts for which they agreed to serve as trustees while acting as  
20 trustees. Those duties included the duty to act with integrity, competence, and diligence  
21 and in an ethical manner with the beneficiaries of the UMB trust, the BOU trust, and the  
22 FWT trust as participants in the life settlement markets.

23 251. In versions of its Fractionalized Life Settlement Purchase Agreement Reliant  
24 referenced it was a member of the Life Insurance Settlement Association ("LISA"), a  
25 lobbying group for the Life Settlement Industry. On the first page of LISA's website it  
26 references BOU as a "Strategic Partners."

27 252. LISA's Code of Ethics available on its website states that LISA members  
28 must: "Act with integrity, competence, diligence, respect, and in an ethical manner with

1 the public, clients, prospective clients and colleagues in the life settlement industry, and  
2 other participants in the life settlement markets”, and “Place the integrity of the life  
3 settlement industry and the interests of clients above their own personal interests,” and  
4 “Use reasonable care and exercise independent professional judgment when conducting  
5 an analysis of potential life settlement transactions on behalf of clients, making  
6 recommendations to clients or potential clients regarding life settlement transactions and  
7 engaging in other professional life settlement activities”, and “Comply with applicable  
8 state laws governing the life settlement markets.”

9 253. An additional duty that Defendant BOU voluntarily undertook as a member  
10 of LISA was to “use reasonable care and exercising independent judgment when  
11 conducting an analysis of potential life settlement transactions” and “comply[ing] with  
12 applicable state laws governing life settlement markets.”

13 254. Defendants UMB, BOU, and FWT failed their duty of due diligence owed to  
14 the beneficiaries of the UMB trust, the BOU trust, and the FWT in engaging with Reliant  
15 and its principals. If UMB and BOU did not inspect Reliant’s website and marketing  
16 brochures while UMB and BOU were acting as trustees of the UMB trust and the BOU  
17 trust respectively it was a breach of their fiduciary duties to the members of the UMB  
18 Subclass and the BOU Subclass. If UMB and BOU had inspected Reliant’s website and  
19 marketing brochures they would have discovered the written misrepresentations and  
20 failures to disclose material facts to potential investors, including the fact that UMB and  
21 BOU were acting to “safeguard” the investors’ investments and had “sole signatory  
22 authority” over the UMB and BOU trusts’ escrow, collection and premium reserve  
23 accounts.

24 255. Pursuant to the UMB trust agreement, the BOU trust agreement, and the FWT  
25 trust agreement UMB, BOU and FWT had actual knowledge that their respective trust  
26 agreements were not provided to the beneficiaries of the UMB trust, the BOU trust, and  
27 the FWT trust. Defendants UMB, BOU and FWT in their trust agreements disclaimed the  
28 duty to serve as “independent escrow officers and trustees” for the benefit of the

1 beneficiaries of the trusts. Defendants UMB and BOU had actual knowledge that they  
2 did not in fact have “sole signatory authority” over their respective escrow accounts,  
3 collection accounts and premium reserve accounts.

4 256. If Defendants UMB, BOU and FWT had done minimal due diligence by  
5 checking with the California Insurance Department they would have discovered that  
6 Reliant was not licensed to sell fractionalized life settlements in California. If UMB, BOU  
7 or FWT had done a Google search on Defendant Grady they would have discovered that  
8 his license to practice law in California was suspended on multiple occasions and he was  
9 ultimately disbarred for violations of regulations related to his client trust account.

10 257. Pursuant to Section 4.5(h) of the UMB trust agreement, the BOU trust  
11 agreement, and the FWT trust agreement Defendants UMB, BOU and FWT knew they  
12 each had a duty of good faith and fair dealing to the beneficiaries of the UMB trust, the  
13 BOU trust, and the FWT trust. That duty of good faith and fair dealing required UMB,  
14 BOU, and FWT to disclosure to the beneficiaries of their respective trusts all material  
15 facts and to act in the best interest of the beneficiaries.

16 258. As previously alleged, Defendants UMB, BOU and FWT breached their  
17 fiduciary duties and duty of good faith and fair dealing owed to the beneficiaries of their  
18 respective trusts by failing to disclose to investors and potential investors, among other  
19 things, that:

- 20 a. Investor funds were commingled in violation of trust documents and  
21 disposed of without written notice as required by Section 5.4(a) (vi) of the  
22 UMB trust agreement, the BOU trust agreement and the FWT trust  
23 agreement;
- 24 b. That Investor funds were transferred out of trust accounts at UMB and BOU  
25 and wired to Reliant Defendants or third parties, or alter egos, in violation of  
26 trust agreements in under false pretenses;
- 27 c. that Reliant was transferring investors funds between Series within the UMB  
28 trust, the BOU trust, and the FWT trust which resulted in the dissipation of

Trust Assets;

d. that UMB, BOU, and FWT were resigning as trustees based on the atypical and irregular acts of Reliant, Michaels and Grady which breached the UMB trust agreement, the BOU trust agreement and the FTW trust agreement by depleting the premium reserve accounts at the UMB trust, the BOU trust, and the FTW trust.

259. Pursuant to Sections 25506 and 25507 of the California Corporations Code, Plaintiffs had five years and two years respectively to seek rescission of their investments based on Reliant', Michaels' and Grady' misrepresentations and failures to disclose material facts on Reliant's website and its marketing brochures as to Defendants UMB and BOU and in its Closing Packages as to UMB, BOU, and FWT. Therefore, from the moment that the particular class member, including Plaintiffs, remitted their consideration to Reliant to be deposited in the premium reserve accounts at the UMB trust, the BOU trust and the FWT trust, had Defendants UMB, BOU and FWT as trustees of their respective trusts timely disclosed to the beneficiaries of their respective trusts pursuant to Section 5.4(a)(vi) of each of their respective trust agreements that Reliant, Grady and Michaels were diverting and dissipating the investors funds which compromised the ability of UMB, BOU and FWT to make premium payments on the policies in which the investors had a fractionalized ownership interest, the beneficiaries could have timely exercised their rights to rescind their investments in Reliant Life Shares.

260. Defendants had a duty to disclose to class members, including Plaintiffs, that misrepresentations and omissions were made to them, and class members, including Plaintiffs, could have, within the statutory period under Sections 25506 and 25507 rescinded their investments.

261. As a direct and proximate result of the above conduct by Reliant and Defendants UMB, BOU, and FWT, Plaintiffs and Class members were damaged in an amount to be proven at trial.

1           262. By performing the foregoing acts, Defendants acted with malice, oppression,  
2 and fraudulently. Alternatively, the acts of Defendants UMB, BOU, and FTW performed  
3 were despicable and in conscious disregard of the probability of damage to Plaintiffs and  
4 the rest of the putative Class members and support an award of punitive damages pursuant  
5 to Civil Code section 3294 in an amount designed to punish Defendants UMB, BOU, and  
6 FWT and to deter such conduct in the future.

7           263. To the extent that such acts by Defendants UMB, BOU and FWT were  
8 conducted through their employees or agents, those employees were either its officers,  
9 directors or managing agents of Defendants UMB, BOU, and FWT, or such officers,  
10 directors or managing agents were aware in advance that such conduct would occur,  
11 exhibited conscious disregard for the rights of others in employing the employee, or  
12 directed or ratified such conduct by its employee(s) and agents.

13                               **TENTH CAUSE OF ACTION FOR**  
14                               **VIOLATION OF CALIFORNIA CORPORATIONS CODE § 25504.1**

15           **By Plaintiffs James Reed, Carolynn Reed, Charles Prince, Brij Sharma, and**  
16           **Bernard Daos for themselves and the Class Against Defendants UMB, BOU, FWT**  
17           **and Does 1-20.**

18           264. Plaintiffs incorporate by reference all the paragraphs in the General  
19 Allegations and the Specific Additional Allegations against Defendants UMB, BOU and  
20 FWT, and the allegations in the Third Cause of Action against Defendants Reliant, Grady  
21 and Michaels for Violation of Corporations Code Sections 25401 and 25501 alleging  
22 wrongdoing by Defendants Reliant, Grady, Michaels and lack of disclosure of material  
23 facts and misrepresentations in this Tenth Cause of Action of this Second Amended  
24 Complaint.

25           265. California Corporations Code § 25504.1 provides that “Any person who  
26 materially assists in any violation of section 25401...with intent to deceive or defraud, is  
27 jointly and severally liable with any other person liable under this chapter for such  
28 violation.”

1           266. As alleged above, Defendants Reliant, Michaels and Grady violated  
2 California Corporations Code § 25401 based on misrepresentations and omissions of  
3 material facts.

4           267. Plaintiffs are informed and believe based on the fact that both UMB and BOU  
5 required Reliant to represent and warrant in their respective Instrument Of Resignation,  
6 Appointment And Acceptance agreements that Reliant would remove all references to  
7 UMB and BOU from its website and marketing brochures. Plaintiffs are informed and  
8 believe Defendants UMB and BOU had actual knowledge that Reliant was touting on its  
9 website and its marketing brochures that Reliant was representing in writing to potential  
10 investors that Reliant used a “trust structure” with UMB and BOU acting as independent  
11 escrow agents and trustees with sole signatory authority on UMB and BOU’s respective  
12 trust accounts.

13           268. Defendant Reliant’s factual statements on its website regarding the “trust  
14 structure” and in the marketing brochures touting the fact that Reliant had appointed UMB  
15 and BOU as trustees to “safeguard” the investors funds and that UMB and BOU were the  
16 “sole signatory” on their respective escrow, collection, and premium reserve accounts  
17 were false and failed to disclose to investors that pursuant to the terms of the UMB trust  
18 agreement and the BOU trust agreement, which trust agreements were not provided to the  
19 investors, that Reliant as Grantor could “direct” UMB and BOU as trustees to wire funds  
20 or send checks from the UMB’ trust accounts and the BOU’s trust accounts directly to  
21 Defendants Reliant, Grady and Michaels and/or their alter ego entities and third parties to  
22 pay attorneys’ fees unrelated to the UMB trust and the BOU trust.

23           269. In an addendum to each investors’ Purchase Agreements naming UMB,  
24 BOU, and FTW as trustees, Reliant disclosed an “Insolvency Risk” which was mitigated  
25 by the fact that Reliant named an independent trust to protect the investor:

26           The possibility exists that Reliant Life Shares, LLC could  
27 become insolvent. While Reliant considers that we enjoy a prosperous  
28 and growing position in our industry, we, like all businesses are

1 exposed to events which may be beyond our control and which could  
2 alter our destiny. We take comfort in the fact that our business practices  
3 employ the concept of naming an independent trust established on the  
4 investor's behalf as the direct beneficiary of the death benefit  
5 purchased. This means that the obligation to pay rests solely on the life  
6 insurance company and the independent trustee and not on Reliant.  
7 Further, the premium reserves established for the payment of the  
8 premiums are held in a premium reserve account under the control of a  
9 third-party Trustee. (Page 18 of Purchase Agreement.)

10 270. That written representation in the addendum to the Purchase Agreement was  
11 false, and failed to inform the investor that in the Trust Agreement, which was not  
12 provided to the investor, Reliant could direct Defendants UMB, BOU and FWT to pay  
13 funds from the premium reserve accounts at UMB, BOU, and FWT to Defendants Reliant,  
14 Grady, Michaels, their alter ego entities, and third parties not related to paying premiums  
15 on the policies held in the UMB trust, the BOU trust, and the FWT trust.

16 271. Plaintiffs are informed and at all times when Defendants Reliant, Michaels  
17 and Grady were making these material misrepresentations and omissions of material facts  
18 in investors' Closing Packages, Purchase Agreements, Reliant's website and marketing  
19 brochures as to Defendants UMB and BOU (Plaintiffs have not yet discovered evidence  
20 that FWT permitted its name to be used on Reliant's websites or marketing brochures)  
21 about the benefit of having an independent third party Trustee and Escrow Officer protect  
22 and safeguard the investors' funds, UMB, BOU and FWT knew that Defendants Reliant,  
23 Michaels and Grady were making material misrepresentations and omissions because  
24 UMB, BOU and FWT had actual knowledge that Defendants Grady and Michaels were  
25 engaged in irregular transactions, using investors' funds to make excessive distributions  
26 from the fund entrusted to UMB, BOU and FWT as trust funds to themselves and to pay  
27 creditors of Reliant, Michaels and Grady, which distributions rendered Reliant insolvent  
28 and UMB, BOU and FWT ultimately did not have sufficient funds in their respective

1 premium reserve accounts to make premium payments on the policies held by the UMB  
2 trust, the BOU trust, and the FWT trust. The result was that Reliant made capital calls on  
3 investors to obtain funds to make premium payments, which would not have been needed  
4 if Defendants Grady and Michaels had not looted the premium reserve accounts at UMB  
5 trust, BOU trust, and FWT trust. As a result, the Receiver for Reliant has filed pleadings  
6 with the Court in the Cooper Litigation that eight (8) insurance policies have lapsed and  
7 cannot be reinstated and 13 insurance policies were sold to Superior Financial.

8 272. The conduct of Reliant Defendants looting Reliant and the trust accounts at  
9 the UMB and BOU trust, aided and abetted Reliant, Michaels, and Grady with knowledge  
10 and intent by Defendants UMB, BOU and FWT to continue to earn lucrative trustees' fees  
11 from their respective trusts, which dissipation of "Trust Assets" in the UMB trust, the  
12 BOU trust and the FWT trust ultimately led to the court in the Cooper Litigation to appoint  
13 a receiver to liquidate Reliant's assets to pay off the judgment against Reliant, Michaels,  
14 and Grady in favor of Cooper.

15 273. Defendants UMB, BOU and FWT which hold themselves out on their  
16 websites as being "professional trustees" with experience in the life settlement industry,  
17 and in the case of BOU as member of LISA, which required the Defendant BOU to comply  
18 with LISA's Code of Ethics, by reviewing Defendant Reliant's website and marketing  
19 brochure knew or should have known that the statements made by Reliant in the marketing  
20 brochure about the "bell curve" was misleading in that many of the insureds whose  
21 policies were held by the Defendant Trustees were living longer than Reliant had  
22 projected, which was causing a serious depletion of UMB', BOU', and FWT's premium  
23 reserve accounts.

24 274. As a direct and proximate result of the above conduct by Defendants UMB,  
25 BOU, and FWT, as previously alleged in this complaint, aiding and abetting the wrongful  
26 and illegal conduct of Reliant Defendants and Class members have been damaged in an  
27 amount to be proven at trial.  
28

1           275. The causes of action based on California Corporations Code violations  
2 against Defendants UMB, BOU and FWT are equitably estopped from contending that  
3 the California Corporations Code violations are barred by the statute of limitation because  
4 UMB, BOU and FWT aided and abetted Defendants Reliant, Michaels and Grady in  
5 concealing from Plaintiffs and the Class members that they had been sold securities  
6 through fraudulent and deceitful means which was not known until the DFPI issued its  
7 Order to Reliant to cease and desist from making misrepresentations and failures to  
8 disclose in marketing its Life Settlement Program on December 14, 2022.

9           276. Additionally, Plaintiffs are informed and believe that Defendants UMB,  
10 BOU and FTW had actual knowledge that Defendants Michaels and Grady were  
11 fraudulently commingling and misappropriating investors funds, all as previously alleged,  
12 rendering Reliant insolvent because Reliant Defendants were directing UMB and BOU to  
13 wire funds to them, in violation of trust agreements. Defendants UMB, BOU and FWT  
14 had knowledge that by transferring funds among their accounts and commingling investor  
15 funds all investors were being damaged.

16           277. Plaintiffs on behalf of themselves and the Class seek all damages as allowed  
17 by law, including but not limited to the amount of their initial investments in Reliant Life  
18 Shares, any additional premiums they had to make to keep policies in force, and  
19 prejudgment interest on those amounts.

20           278. Defendants Reliant, Michael and Grady's conduct aided and abetted by  
21 Defendants UMB, BOU and FWT was in reckless disregard for the rights and safety of  
22 Plaintiffs and all Class members and constitutes oppression, fraud, and malice such that  
23 punitive and / or exemplary damages are appropriate pursuant to either Civil Code  
24 section 3294, section 3345 or both.

25  
26  
27           ///  
28

**ELEVENTH CAUSE OF ACTION**

**AIDING AND ABETTING BREACH OF FIDUCIARY DUTY, AND AIDING  
AND ABETTING BREACH OF THE COVENANT OF GOOD FAITH  
AND FAIR DEALING**

**By Plaintiffs James Reed, Carolynn Reed, Charles Prince, Brij Sharma, and  
Bernard Daos for themselves and the Class Against Defendants UMB, BOU, FWT  
and Does 1-20**

279. Plaintiffs incorporate all prior allegations set forth in this SAC, with the exception of the First Cause of Action for Negligence and the Seventh Cause of Action for Negligence.

280. As alleged in the Fourth Cause of Action in this SAC, Defendants Reliant, Michaels, and Grady owed fiduciary duties to Plaintiffs and all putative class members as *de facto* trustees of the UMB trust, the BOU trust, and the FWT trust which fiduciary duties Defendants Reliant, Michaels and Grady breached.

281. Under California law, "[l]iability may ... be imposed on one who aids and abets the commission of an intentional tort if the person ... [1] knows the other's conduct constitutes a breach of duty and [2] gives substantial assistance or encouragement to the other to so act." *Alumnicaste Fundicion De Mex. S. De RL CV v. Yu Fen Shen*, 2017 U.S. Dist. LEXIS 206763, \*28-30, citing *Saunders v. Superior Court*, 27 Cal. App. 4th 832, 846.

282. With respect to whether plaintiff adequately alleges actual knowledge, actual knowledge of the underlying fraud "may be averred generally." *Allstate Ins. Co. v. Countrywide Fin. Corp.*, 824 F. Supp. 2d 1164, 1188 (C.D. Cal. 2011) (citing Fed. R. Civ. Proc. 9(b) ("Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally.")); see also *In re First Alliance Mortgage Co.*, 471 F.3d 977, 993 (9th Cir. 2006) ("Although the California decisions on this subject may not be entirely consistent, we agree ... that aiding and abetting liability under California law, as applied by the California state courts, requires a finding of actual knowledge, [but] not specific

1 intent."). Although "this obviates the necessity of pleading detailed facts supporting  
2 allegations of knowledge, it does not relieve a pleader of the burden of alleging the nature  
3 of the knowledge a defendant purportedly possessed." *Neilson v. Union Bank of*  
4 *California*, 290 F. Supp. 2d 1101, 1119 (C.D. Cal 2003). When pleading an aiding and  
5 abetting claim, "this must be actual knowledge of the primary violation." *Id.* (citation  
6 omitted).

7 283. In this case, as set forth previously in this Complaint, and below, Plaintiffs  
8 set forth specific facts that show each of the Trustee Defendants, UMB Bank, Bank of  
9 Utah and FTW had actual knowledge of Reliant, Michaels and Grady's wrongful activity  
10 and breaches of fiduciary duty.

11 284. The facts here are analogous to cases in which the plaintiff was found to have  
12 alleged actual knowledge with sufficient particularity. See, e.g. *Gonzales v. Lloyds TSB*  
13 *Bank, PLC*, 532 F. Supp. 2d 1200, 1207 (C.D. Cal. 2006) ("Because Rule 9(b) provides  
14 that 'malice, intent, knowledge, and other condition of mind may be averred generally,'  
15 and because Plaintiffs have alleged facts in support of their allegation of knowledge, the  
16 Court finds that Plaintiffs have more than adequately satisfied Rule 9(b)'s pleading  
17 requirements for knowledge."); *Mosier v. Stonefield Josephson, Inc.*, No. CV 11-2666  
18 PSG EX, 2011 U.S. Dist. LEXIS 124058, 2011 WL 5075551, at \*8 (C.D. Cal. Oct. 25,  
19 2011) (distinguishing *Casey v. U.S. Bank Nat'l Ass'n*, 127 Cal. App. 4th 1138, 1152-53,  
20 (2005) and finding that plaintiff adequately pled actual knowledge of the underlying  
21 intentional tort); see also *Neilson*, 290 F. Supp. 2d at 1120-21 ("[The complaint] alleges,  
22 in particular, that the Banks utilized atypical banking procedures to service defendant's  
23 accounts, raising an inference that they knew of the Ponzi scheme and sought to  
24 accommodate it by altering their normal ways of doing business. This supports the  
25 general allegations of knowledge.").

26 285. Defendants UMB, FWT, and BOU aided and abetted the breaches of  
27 fiduciary duties owed by Reliant Defendants to the beneficiaries of the UMB trust, the  
28 BOU trust, and the FWT Trust by, *inter alia*, providing substantial assistance to Reliant

1 by offering Reliant a “trust structure” for marketing to investors to create an illusion that  
2 trust were secure and “safeguarded” by institutional trustees that had sole authority as  
3 trustee of trust funds. Plaintiffs are informed and believe that the credibility of an  
4 institutional trustee was critical to Reliant’s operation to induce new investors to invest.  
5 Further as set forth previously UMB, BOU and FWTB had actual knowledge of Reliant  
6 and Grady’s operation as evidence by the numerous irregular transactions that depleted  
7 trust accounts.

8 286. In addition, UMB, BOU and FWT assisted by (i) accepting and acting upon  
9 directives from Reliant Defendants to distribute to Reliant Defendants and third parties  
10 trust funds for improper purposes out of the escrow, collection and premium reserve  
11 accounts of the UMB trust, the BOU trust, and the FWT trust that UMB, BOU and FWT  
12 as trustees were responsible for maintaining, (ii) by failing to inform the beneficiaries  
13 that Defendants Reliant, Michaels, and Grady had transferred funds between Series in the  
14 UMB trust, the BOU Trust, and the FWT trust dissipating the UMB trust accounts, the  
15 BOU trust accounts, and the FWT trust account, without notifying beneficiaries in writing  
16 of the dissipation of the Trust Assets (iii) failing to take action with their actual  
17 knowledge that Reliant was directing UMB and BOU, and FWT to dispose of trust assets  
18 in violation of the UMB trust agreement, the BOU trust agreement, and the FWT trust  
19 agreement, transferring funds as directed by Reliant and Grady from their trust’s own  
20 premium reserve accounts to other accounts without providing written notice to the  
21 beneficiaries whose Series was compromised by those transfers as required by Section  
22 5.4(a)(vi) of the UMB trust agreement, the BOU trust agreement, and the FWT trust  
23 agreement; (iv) by Defendant BOU selling 13 insurance policies held by the BOU trust  
24 to Superior Financial for which it was the trustee without informing the beneficiaries as  
25 required by Section 5.4(a)(vi) of the BOU trust agreement.

26 287. The UMB trust agreement, the BOU trust agreement and the FWT trust  
27 agreement each had the same provision in Section 4.1 that Defendant Trustees UMB,  
28 FWTB and BOU were to sign checks to distribute funds from their respective trusts’

1 Collection Account and premium reserve accounts as directed by Defendant Reliant as  
2 Grantor. Plaintiffs are informed and believe based on reviewing documents produced by  
3 Defendants UMB, FWT and BOU that many of the checks and distributions wired out of  
4 their respective trust accounts by Defendants UMB, BOU and FWT based on directives  
5 from Reliant, Grady, and Michaels were for atypical and irregular transactions which put  
6 Defendants UMB, FWT and BOU on actual notice that Reliant was dissipating trust funds  
7 held in their respective trusts' collection accounts and premium reserve accounts for other  
8 than legitimate trust expenses. With actual knowledge of the atypical and irregular  
9 transactions, Defendants UMB, FWT and BOU signed checks and wired funds as directed  
10 by Defendants Reliant, Michaels and Grady. The wrongful diversion of beneficiaries  
11 funds by Reliant, Michaels and Grady could not have taken place but for Defendants  
12 UMB, FWTB and BOU aiding and abetting Reliant, Michaels, and Grady's breach of  
13 fiduciary duty owed to the beneficiaries by signing the checks or wiring funds as directed  
14 by Reliant and Grady because Defendants UAB, FWTB and BOU were the sole  
15 signatories on their respective escrow accounts, collection Accounts and premium reserve  
16 accounts.

17 288. Plaintiffs and all putative class members were damaged by Defendants UMB,  
18 BOU, and FWT aiding and abetting the breaches of fiduciary duties of Reliant Defendants  
19 owed to Plaintiffs and all putative class members in an amount according to proof at the  
20 time of trial.

21 289. The wrongful actions by Defendants UMB, FWT and BOU in aiding and  
22 abetting Reliant Defendants breach of fiduciary duties to Plaintiffs and all putative class  
23 members as alleged in this SAC were fraudulent, oppressive and malicious, and Plaintiffs  
24 and all putative class members are entitled to an award of punitive damages against  
25 Defendants UMB, FWT and BOU for aiding and abetting Reliant', Michael' and Grady's  
26 breaches of fiduciary duties pursuant to Civil Code Section 3294 as determined by the  
27 jury at trial.

1 **DOUGLASS ALLEGATIONS AGAINST DEFENDANT ANDREW MURPHY**

2 290. At all times herein, PLAINTIFF GWENDALYN DOUGLASS is the  
3 daughter of Raymond E. Douglass and Trustee of RAYMOND E. DOUGLASS  
4 REVOCABLE TRUST (now an irrevocable trust). She is also the executor of Raymond  
5 E. Douglass' estate. GWENDALYN DOUGLASS sues both as trustee and as successor  
6 in interest pursuant to CCP §377.11. When the term "Plaintiff" is utilized, it often refers  
7 to Raymond E. Douglass as the purchaser, his actions, or doings even though his daughter  
8 technically is the actual Plaintiff, as the successor in interest now that Raymond E.  
9 Douglass has passed away.

10 291. At all times herein, Defendant ANDREW MURPHY (hereinafter MURPHY)  
11 was a salesperson of various life settlement policies sold to Raymond E. Douglass. He  
12 was also a high-level employee/agent and controller of RELIANT. MURPHY was also a  
13 decision-maker and chief salesperson acting as "Chief Executive Officer of Reliant Life  
14 Shares" during relevant periods that resulted in Plaintiff losing his investments.  
15 MURPHY controlled some of the events herein. He was supposed to supervise others  
16 who also sold more of the above product to Raymond E. Douglass that should not have  
17 been sold to him. MURPHY has ratified, allowed, or maintained all the wrongful conduct  
18 set forth in this Complaint. Although he was the seller of these products, he was not  
19 licensed to sell investments, this was not disclosed to Raymond E. Douglass, and to do  
20 so was illegal.

21 **DOUGLASS' GENERAL ALLEGATIONS AGAINST MURPHY PARTIES**

22 292. In 2017, Raymond E. Douglas was 83 years old, in the throes of serious  
23 health difficulties and not of sound mind. He suffered from dementia, uncontrolled  
24 diabetes, and other health issues and was vulnerable and susceptible to suggestions  
25 because he was living alone and lacked companionship. He had long since retired.  
26 Raymond E. Douglas was not a suitable candidate, being elderly himself, to purchase  
27 over a million dollars in "life settlement" investments in approximately 21 separate  
28 transactions mostly between 2017 and 2018. See **Exhibit 118** and for a list of policies

1 Raymond E. Douglas invested in. Raymond E. Douglas died in 2020, just two years after  
2 his last purchase of these investments.

3 293. Raymond E. Douglas was sold two separate Life settlement investments in a  
4 policy on a 62-year-old male, see **Exhibit 117**, one investment on October 13, 2017, of  
5 \$33,000 and another investment in the same policy on March 1, 2018, of \$120,000. The  
6 insured was 21 years younger than Raymond E. Douglass. There is no way that Raymond  
7 E. Douglass could benefit from this investment on a 62-year-old insured. This would only  
8 saddle Mr. Douglass' heirs with premiums for years to come until the policy matured.

9 294. MURPHY knew that Raymond E. Douglass was ill while making these sales.  
10 MURPHY is seen in a photo taken in November 2018, at Mr. Douglass' home,  
11 surrounded by filth. See **Exhibit 6**. MURPHY also signed an Agent of Record  
12 Certification. In that document MURPHY certified that he explained all the risks to  
13 Raymond E. Douglass and that Raymond E. Douglass was a suitable candidate to invest  
14 \$600,000 on March 1, 2018. MURPHY signed and initialed several times on a form that  
15 he "made sure the investor understood" the terms, and that "I have acted in the best  
16 interest of the client making this purchase recommendation and have not made any  
17 misleading statements to the client." In addition, he signed that he "fully explained the  
18 potential impact to the client of any premium calls should the insured live past the  
19 premium reserve escrow period." Unfortunately, this was fabricated and a manipulation.  
20 It was not true for the reasons hereinafter alleged.

21 295. After Raymond E. Douglass died, one of the policies matured and Mr.  
22 Douglass' payout was supposed to be \$34,000. Plaintiff GWENDALYN DOUGLASS,  
23 as Trustee of RAYMOND E. DOUGLASS REVOCABLE TRUST never received the  
24 check. Mark Sansoucy ("Sansoucy") instead stated that the money would need to be used  
25 for premium calls on the other policies that Raymond E. Douglass purchased. Between  
26 January 2021 and January 2022, Plaintiff GWENDALYN DOUGLASS, as Trustee of  
27 RAYMOND E. DOUGLASS REVOCABLE TRUST (hereinafter the Plaintiff Trustee)  
28 was not able to get a clear picture of how many policies her father had invested, and what

1 premiums were due. See **Exhibit 119** for an email trail of unfulfilled requests for  
2 documents lasting one year from Reliant staff, namely Sansoucy and GRADY.

3 296. Had Raymond E. Douglass known the truth, had he been of sound mind and  
4 capable of understanding the truth, he would not have invested over a million dollars.  
5 False statements employed regularly on Raymond E. Douglass and /or negligence  
6 allowed the sales to proceed. Douglass' investment losses set forth herein in Exhibit 120,  
7 shows over a million dollars.

8 297. Reputable securities dealers would not sell these investments to Raymond E.  
9 Douglass for many reasons. Raymond E. Douglass was not suitable for these investments.  
10 Raymond E. Douglass was over 20 years older than one of the insured (mentioned above),  
11 and he was approximately the same age as other insureds. The chances of an 83-year-old  
12 diabetic Raymond E. Douglass outliving most of these insured, especially the 62-year-  
13 old insured, was questionable at best. There was no justification to require an 83-year-  
14 old to use his liquid assets, which he needed for his own future, to invest in an illiquid  
15 investment. In addition there was a risk of losing his principal and the policies subject to  
16 forfeitures if the future premium obligations were not paid. Raymond E. Douglass, at age  
17 83, needed liquidity for future medical needs. Raymond E. Douglass, or subsequently,  
18 his heirs, were not appropriate candidates to be saddled with sizable future premium  
19 obligations to safeguard the principal in the investment. Again, reputable investment  
20 advisors would not recommend this investment to a person such as Raymond E.  
21 Douglass. The real odds of how well a person will do in Defendants' investment was not  
22 properly conveyed to the investors by MURPHY, nor are the problems inherent in the  
23 program fully disclosed.

24 298. MURPHY used Reliant materials to sell Raymond E. Douglass these  
25 investments, where such material characterized the investments as better than mainstream  
26 investments, providing double-digit returns, and a guaranteed fixed rate of return, which  
27 caused investors such as Raymond E. Douglass to believe there was no risk of loss. In  
28 fact, the materials used by MURPHY say, "no market risk." MURPHY knew that

1 customers would take this to mean no risk. There is a risk of loss of principal if the  
2 premium reserves are depleted and future premiums not paid. See Exhibit 7, para 4.  
3 Again, MURPHY represented or allowed Reliant's staff to represent that "the risk of a  
4 premium call was close to zero or just about nil."

5 299. MURPHY used Reliant materials to sell Raymond E. Douglass these  
6 investments, where such material characterized the investments as similar to what big-  
7 time investors were investing. One of the names given was Warren Buffet and Buffet's  
8 picture is displayed prominently in the promotional materials and used by MURPHY.  
9 This is deception because, first of all, Buffet does not invest in fractionalized life  
10 settlements investments like the Defendants sell, for reasons discussed hereinafter.  
11 MURPHY used Warren Buffet and also Bill Gates names to bolster RELIANT'S  
12 credibility wrongfully and illegally and it is alleged upon information and belief that  
13 RELIANT has not received permission to do so, and the way these high-profile names  
14 are used in their sales materials is confusing and deceptive. See Exhibit 101. Investors  
15 like Gates and Buffet would only invest in huge quantities of policies to obtain the needed  
16 benefit to make the investment worthwhile. They would not invest in a fractional share  
17 of a life settlement of the kind that Raymond E. Douglass was sold by MURPHY.  
18 MURPHY knew the difference and did not disclose it.

19 300. MURPHY used RELIANT materials to sell to Raymond E. Douglass these  
20 investments, where such material claimed RELIANT actuaries have 90%- 98% accuracy  
21 in predicting life span of the insured whose policy is the subject of RELIANT  
22 investments. It is believed this statement is false and deceptive. See Exhibit 7 and Exhibit  
23 110.

24 301. MURPHY knew the investments he sold to Raymond E. Douglass was not a  
25 good buy-and-hold investment strategy suitable for retirement or a long-term investment  
26 for a person such as Raymond E. Douglass, because if one holds the investment past the  
27 reserve period of the prepaid premiums, the insured's premiums get more and more  
28 expensive as the insured gets older. Mr. Douglass's heirs are now saddled with premium

1 calls on dozens of policy positions purchased by Raymond E. Douglass. No salesperson  
2 could recommend an investment that saddles an older person such as Raymond E.  
3 Douglass and/or his heirs with this onerous future obligation, which if not paid, as is now  
4 the case, is now subjecting Mr. Douglass' heirs to substantial loss. MURPHY did this  
5 and knowingly so.

6 302. Another deception perpetrated by MURPHY (as seen in the RELIANT  
7 website and elsewhere, and used by MURPHY) or MURPHY represented or allowed  
8 Reliant' s staff to represent that investors can "withdraw their money any time without a  
9 penalty." See Exhibit 1. This turned out to be false and MURPHY knew it. Plaintiff  
10 Trustee (for Raymond E. Douglass's Trust) indicated she would accept the return of  
11 principal in lieu of bringing the suit, but Defendants were not able to perform within a  
12 reasonable amount of time and did not commit to a satisfactory agreement to do so. If the  
13 statement on the website and elsewhere were true, this suit would have been averted.  
14 Months of negotiations happened but the money could not be produced in any timely or  
15 suitable basis, indicating the possibility that RELIANT had a liquidity problem. These  
16 liquidity issues were also not disclosed by MURPHY or underlings he was supposed to  
17 supervise at the time of sale. This is an omission of a material fact, which is a violation  
18 of the law and another area of deception. MURPHY knew that RELIANT had a history  
19 of reneging on such payback promises to other investors, another material fact not  
20 properly disclosed.

21 303. MURPHY passed off RELIANT as a financial company of substantial assets  
22 comparable to an insurance company. This is a false comparison and confuses investors  
23 and confused Raymond E. Douglass. In fact it is specifically asserted that MURPHY was  
24 aware that Reliant' s financial status was shaky and problematic and that there were  
25 internal conflicts within RELIANT stemming from Daniel Cooper's dispute with the  
26 other owners, namely Shawn Michaels and Scott Grady. MURPHY was specifically  
27 aware that such conflicts posed a risk to the company and jeopardized the life insurance  
28 policies of all investors. If this information leaked out, it could cause past investors to

1 pull out and not pay premiums and it would cause future investors to not invest in this  
2 product. This would cause the policies to become at risk for default, and if the policies  
3 defaulted, investors would receive no payouts. That is what happened but these facts were  
4 not disclosed by MURPHY to Raymond E. Douglass who knew all this. MURPHY was  
5 cognizant of these known risks.

6 304. In addition to the aforementioned risks, it was also known that Investors  
7 needed to know this because when an insured individual continued to live beyond what  
8 money was available in reserves to pay premiums, it meant the investors had to pay extra.  
9 Such circumstances need to be disclosed because if some investors stopped paying their  
10 premiums, others would become inclined to not pay their premiums. If enough investors  
11 do not pay the premiums, then the others have to cover for those that do not pay  
12 premiums. Eventually this can create a domino effect which leads to more investors not  
13 paying their premium and causing more and more investors to pick up the difference.  
14 There is a limit on how many remaining investors will be inclined to pay larger premiums  
15 for those who will not pay their premiums. Therefore there is a risk of a total default of  
16 the investment when those investors fail to pay the premiums. That is actually what has  
17 happened but none of that was explained by MURPHY. It is also the reason this  
18 investment is not suitable for Raymond E. Douglass and many other investors. It is also  
19 a reason it was negligent for MURPHY to sell this investment to Raymond E. Douglass.  
20 It was specifically known by MURPHY that many investors were not paying their  
21 premium payments so MURPHY had no excuse for not advising that and it was negligent  
22 not to do so. Investors were only told that they might lose their investment if they did not  
23 pay additional premiums, they were not told the whole investment was in jeopardy if a  
24 critical mass of investors did not pay the premiums. MURPHY did not explain that  
25 RELIANT would not have the wherewithal to cover these premiums if it came down to  
26 a mass exodus.

27 305. The PLAINTIFF initiates this lawsuit with the aim of recovering the funds  
28 invested by Raymond E. Douglass in RELIANT and other damages that flow. Raymond

1 E. Douglass was informed that this investment was guaranteed, prompting him to invest  
2 a significant amount. However, as outlined above, the investment was not guaranteed for  
3 the reasons stated above and including if the investors are unable to pay premiums if their  
4 finances deteriorate. Moreover, if an individual insured reaches the age of 100, most of  
5 these policies are not required to make any payout. None of the above was disclosed.  
6 Additionally, as discussed above, it is not a guaranteed investment, if the investor, such  
7 as Raymond E. Douglass, being older than most insured, dies before the insured's die.

8 306. This product was marketed and sold on the belief that the investment was  
9 flexible, allowing investors to retrieve their principal at any time if they changed their  
10 minds. This claim is substantiated on the RELIANT website, which states that investors  
11 can "withdraw their money anytime without a penalty." As noted above, the trustee  
12 requested money back, but despite assurances, the return of the money invested did not  
13 materialize. This appears to be a deceptive and fraudulent tactic.

14 307. MURPHY failed to give all necessary, relevant, and material information  
15 about this product necessary for a reasonable investor to properly evaluate this investment  
16 including providing 1) overall rate of return historically, 2) the percentage of time  
17 RELIANT estimated the life expectancy (reserves) correctly, 3) the average age of death  
18 of an insured historically, 4) the number of these investments that have gone full circle,  
19 5) the number of repeat customers, 6) the number and percentage of people and all their  
20 investment that made money, 7) the load on the investment, 8) the number of persons that  
21 put money in a RELIANT program or the fact that people did invest and took losses to  
22 get out of the program. MURPHY failed to provide basic truthful statistics and  
23 information regarding how many customers had to pay premiums, or how RELIANT  
24 justifies using life expectancy more than social security life expectancy to create the false  
25 impression that the investment is better than it is. MURPHY failed to provide information  
26 as to how many insureds exceeded RELIANT's disclosed life expectancy, which is a  
27 basic fact RELIANT should know and disclose. A reasonable investor needs to know  
28 information like this.

1           308. MURPHY failed to advise Raymond E. Douglass that the RELIANT  
2 investment program failed to meet all of the requirements of the Corporate Code  
3 §25102(q) and other provisions of California law. RELIANT continued to operate when  
4 it knew it could not claim the exemption according to the code.

5           309. MURPHY did not verify whether or not Raymond E. Douglass had a large  
6 enough portfolio so that Douglass's total investments in these policies did not exceed  
7 10% of his portfolio. In fact, the million dollars invested in the policies exceeded 10% of  
8 Douglass's overall wealth portfolio, so MURPHY selling this many policies to Raymond  
9 E. Douglass or allowing this large dollar amount to be sold to Raymond E. Douglass  
10 violated state and thus company requirements.

11           310. Upon information and belief, certain other investors were excused from  
12 having to pay premiums while other investors were not. This was not disclosed by  
13 MURPHY, and it was unfair and created the risk of default or the risk that the remaining  
14 investors will have to pay more to make up for the needed premiums. This creates a  
15 conflict of interest, and it is an unpredictable arrangement created at the whim of the  
16 promoter. This was not disclosed to Raymond E. Douglass at the outset.

17           311. Raymond E. Douglass was not told by MURPHY that RELIANT  
18 manipulated reviews, and that reviews did not represent a true status of the RELIANT  
19 situation. Raymond E. Douglass bought on the basis of reviews and/or MURPHY's  
20 interpretation of these reviews or what other people's experience was, which was all false.

21           312. MURPHY knew that RELIANT had a tortured history where dishonesty was  
22 part of the culture of RELIANT and the culture of the Life settlement Industry. This is  
23 depicted in a detailed declaration of Gloria Wolk which contained material information  
24 that MURPHY knew about and should have disclosed to Raymond E. Douglass. Without  
25 disclosing this and other information about the industry and without disclosing prior  
26 litigation involving RELIANT and the Industry, MURPHY was not properly representing  
27 the product which means he was not giving a fair and balanced picture of this investment  
28 in compliance with securities law. This was also below the standard of care of the

1 investment industry not to give a full and fair disclosure of all aspects of the product and  
2 those involved with the product. MURPHY had a background that itself needed to be  
3 disclosed. Also MURPHY needed to disclose the prior litigation involving this product  
4 including RELIANT'S own prior litigation involving American General Insurance Policy  
5 PSH 20052L. The above failure to disclose resulted in Raymond E. Douglass buying a  
6 product that he would not have otherwise bought. Not having this information hindered  
7 Raymond E. Douglass' ability to evaluate the program. If he had known the history and  
8 all the above material information, Raymond E. Douglass would not have invested in this  
9 product.

10 313. MURPHY also had knowledge and was instrumental in RELIANT engaging  
11 in endeavors to hide bad reviews of this product. Anything deemed negative for sales is  
12 scrubbed from the internet by RELIANT. RELIANT, under the auspices of MURPHY,  
13 hire companies to purge their bad reviews, which purging is designed to and does deprive  
14 investors of material information which a reasonable investor needs to know prior to  
15 investing. This is contrary to what is required, which is a full, fair, and balanced  
16 disclosure where the investors have access to all the material facts. MURPHY's lack of  
17 disclosure of all the above facts is anathema of what should be allowed and is an indicator  
18 of negligence or intent to deceive on the part of MURPHY. Raymond E. Douglass himself  
19 relied upon the product being properly represented by MURPHY, which it was not.

20 314. It was negligent and/or fraudulent for MURPHY to suggest that an elderly  
21 person buy so many of these policies so late in his life out of his retirement money.  
22 MURPHY knew it was not in Raymond E. Douglass' best interest to buy these policies  
23 at his stage in life and so many of the same product, but he sold it to himself for his own  
24 financial gain. No reasonable salesmen or ethical broker dealer or issuer would or should  
25 have allowed this especially since Raymond E. Douglass was suffering from dementia,  
26 diabetes and other health issues that made in particularly vulnerable and susceptible to  
27 suggestion.

28 315. Raymond E. Douglass, born on February 19, 1934, passed away at the age of

85 on January 1, 2020. During the sales transactions conducted by and supervised by MURPHY, Raymond E. Douglass was grappling with dementia and serious diabetes. Witnesses and photographs demonstrate that MURPHY was invited to visit Raymond E. Douglass 's disheveled home, MURPHY is shown in the pictures interacting with Raymond E. Douglass while Raymond E. Douglass was giving himself insulin shots in his leg with his pants down, indicating a visibly unwell and demented person. Despite this, money was still extracted from Raymond E. Douglass by MURPHY. MURPHY even manipulated Raymond E. Douglass into repurchasing policies from others, which RELIANT needed to re-sell to placate unsatisfied investors. MURPHY was in charge of overseeing the Raymond E. Douglass sales process, obtaining checks to buy the RELIANT product he sold to Raymond E. Douglass. MURPHY knew Raymond E. Douglass could write a check immediately and took advantage of Raymond E. Douglass at his home. There is also no indication that any three-day cooling-off opportunity was given Raymond E. Douglass to cancel as required by law for home solicitation. The photograph reveals disorganized surroundings, indicative of dementia.

316. The financial industry demands high commercial ethics, honor, and adherence to just trade principles which were not exhibited by MURPHY.

317. Raymond E. Douglass could have afforded to purchase an entire viatical, which would have been a more advantageous than to be saddled with fractional interests in many insurance policies through RELIANT. It was unethical for MURPHY to encourage Raymond E. Douglass to invest in multiple policies at the fractional level when he could have purchased his own entire viatical.

318. It is alleged Raymond E. Douglass was not of sound mind nor was he a proper candidate for this investment. His investment money would be better if left in a liquid form. MURPHY did not properly evaluate Plaintiff and his needs.

319. Under MURPHY's guidance, the following statement was told to Raymond E. Douglass and other investors, "The history of actual maturities for life settlement policies shows that, like a bell curve, approximately half of all policies mature before the

1 estimated life expectancy date and half after." This suggested that these investments had  
2 predicable attributes and could provide a quick turnaround. Also contrary to what  
3 MURPHY represented, RELIANT'S life expectancy projection were not accurate nor  
4 was the amount needed for premium reserves accurate. MURPHY also neglected to  
5 disclose that this investment did qualify as an exempt security.

6 320. MURPHY failed to disclose or have a process in forms and disclosures that  
7 disclosed that Scott Grady, an owner of RELIANT t, was a disbarred attorney and was in  
8 an ownership position with RELIANT.

9 321. Plaintiffs sent via certified mail to key Defendants giving them the required  
10 30 days to correct, repair or rescind, and or do any of the things allowed or required by  
11 California Civil Code §1770 et seq. Defendants have not done anything. They still have  
12 the chance to make good as Plaintiffs will give any defendant served herewith 30 days  
13 from the date this is served upon them to comply with California Civil Code §1770 et  
14 seq. Assuming this is not done, Plaintiffs therefore are entitled to the damages and  
15 remedies set forth in California Civil Code §1780 and related sections against all  
16 Defendants.

17 322. MURPHY was not properly licensed and RELIANT was not properly  
18 registered. This was not disclosed. It is alleged MURPHY sold product to Raymond E.  
19 Douglass directly and indirectly. Indirectly refers to sales by persons he supervised,  
20 approved or ratified. It is alleged all sales to Raymond E. Douglass were either a result  
21 of MURPHY making the actual sale or MURPHY sending out salesmen under his  
22 supervision to make the sale which MURPHY ratified and approved.

23 **ELEVENTH CAUSE OF ACTION**

24 **VIOLATION OF CORPORATE CODE §§ 25401 & 25501**

25 **BY DOUGLASS AGAINST MURPHY**

26 323. PLAINTIFF incorporates by reference all the above paragraphs as though  
27 fully set forth herein as well as all paragraphs from subsequently alleged causes of action.

28 324. Defendant MURPHY sold Raymond E. Douglass securities in violation

1 Corporate Code § 20541, which prohibits offers or sales of securities including  
2 investment opportunities by means of a written or oral communication containing:  
3 “untrue statement[s] of a fact or omits to state a material fact necessary in order to make  
4 the statement[s] made, in light of the circumstances under which they were made, not  
5 misleading.”

6 325. DEFENDANT MURPHY was a key figure in selling in excess of \$1 million  
7 of the beneficiary interest in the death benefits packaged by RELIANT (hereinafter  
8 sometimes referred to as the “Investment” or the “Product”) and sold to Raymond E.  
9 Douglass.

10 326. In addition to the above set forth in the General Allegations of this complaint,  
11 MURPHY is liable for violations of Corporate Code §§ 25401 & 25501 for the following  
12 reasons:

13 327. DEFENDANT MURPHY failed to describe various aspects of this  
14 investment to Raymond E. Douglass that made the investment unsuitable or not in his  
15 best interest. This is the failure to advise him of the true impact of the premiums due and  
16 how that effects viability and profitability of this investment.

17 328. DEFENDANT MURPHY represented or allowed the sales to go through to  
18 Raymond E. Douglass knowing that the investment was represented or portrayed as a  
19 viatical of the kind that Warren Buffett and Bill Gates possesses and knowing this was  
20 not true.

21 329. DEFENDANT MURPHY represented or allowed the sales to go through to  
22 Raymond E. Douglass knowing there was a lack of appropriate disclosure of the dark  
23 history behind this industry and RELIANT and that as a result, the investment was  
24 problematic. In particular, the information set forth in the Gloria Wolk’s declaration was  
25 purposely not disclosed to investors. This Declaration was provided RELIANT in a  
26 previous case. All this is a material lack of full disclosure and material omissions of fact  
27 that needed to be disclosed and was purposefully not.

28 330. DEFENDANT MURPHY represented or allowed to be represented to

1 Raymond E. Douglass that RELIANT investments were better for him than the stock  
2 market. This was communicated to convince Raymond E. Douglass to invest. This was  
3 not true and MURPHY knew it.

4 331. DEFENDANT MURPHY failed to properly portray statistics about prior  
5 investments and real returns to Raymond E. Douglass before consummating the sale or  
6 sales to Raymond E. Douglass. Therefore Raymond E. Douglass did not have the true  
7 picture of the investment and its potential or lack thereof. MURPHY did this on purpose.

8 332. DEFENDANT MURPHY failed to disclose his unlicensed status (both as a  
9 securities agent and as a life settlement agent) and RELIANT'S lack of registration status  
10 both to sell insurance but also to be a broker dealer, depriving Raymond E. Douglass of  
11 the opportunity to evaluate the products based upon what information that is required of  
12 registered and licensed persons. It also deprived Raymond E. Douglass of the ability to  
13 deal with persons with high commercial honor and persons obligated to provide just and  
14 equitable principles of trade. None of the above was provided. It also deprived Raymond  
15 E. Douglass of the protections that would have been available had RELIANT registered  
16 its security properly and used licensed salespersons. This was done purposely by  
17 MURPHY to make it easier to sell to Raymond E. Douglass regardless of suitability, and  
18 the best interest of the customer, Raymond E. Douglass.

19 333. DEFENDANT MURPHY allowed information to be communicated to  
20 Raymond E. Douglass and other prospective clients including information on the website  
21 that was false including representing falsely the ability of a customer to be able to obtain  
22 their money back without penalty. Raymond E. Douglass , through the Plaintiff Trustee  
23 Gwen Douglass requested the money back to no avail, which was not provided as  
24 described above, proving this was just a sales gimmick. Such an insinuation was  
25 purposefully vague and misleading and used to facilitate the sales to Raymond E.  
26 Douglass which sales he otherwise would not have considered.

27 334. DEFENDANT MURPHY failed to see that RELIANT provided proper  
28 audited reports to Raymond E. Douglass and others as required by law, and necessary for

1 understanding the investment.

2 335. DEFENDANT MURPHY failed to see that its customers knew that  
3 RELIANT'S president, GRADY, was a disbarred attorney and was also an owner,  
4 member and manager of RELIANT.

5 336. DEFENDANT MURPHY failed to see that RELIANT advised Raymond E.  
6 Douglass of information required by law including who his fellow investors' were and  
7 who was running the organization he invested in.

8 337. DEFENDANT MURPHY failed to advise Raymond E. Douglass of how the  
9 insurance premiums increased over time and the consequences of a having a limited  
10 reserve fund. These rising premiums caused and contributed to the losses suffered by  
11 Raymond E. Douglass.

12 338. DEFENDANT MURPHY failed to advise Raymond E. Douglass that  
13 RELIANT allowed some select persons to invest without meeting the minimum net worth  
14 requirements, making the investment riskier for the rest of the investors including  
15 Raymond E. Douglass. This special treatment led to the downfall of the investment as  
16 described above when unqualified investors could not pay additional premiums.

17 339. DEFENDANT MURPHY orchestrated or allowed RELIANT to manipulate  
18 reviews and ratings on their website, and or knew this was going on, a fact that MURPHY  
19 kept from Raymond E. Douglass and MURPHY allowed Reliant's staff to keep from  
20 Raymond E. Douglass and other investors.

21 340. DEFENDANT MURPHY failed to disclose RELIANT'S policy of  
22 preventing investors' knowledge of important facts and who was involved in the  
23 organization and their history, thus thwarting transparency and full disclosure.

24 341. DEFENDANT MURPHY represented or allowed RELIANT'S staff to  
25 represent that the risk of a premium call was close to zero. This was misleading and untrue  
26 and its falsity is precisely what brought down the investment because it was not true and  
27 MURPHY knew it.

28 342. DEFENDANTS MURPHY applied coercive and unfair sales practices on

1 Raymond E. Douglass taking advantage of his age, illness, and diminished condition.  
2 MURPHY knew Raymond E. Douglass was not a candidate for this product, it was not  
3 suitable, and not in Raymond E. Douglass and his family's best interest, and MURPHY  
4 sold it to Raymond E. Douglass anyway.

5 343. MURPHY violated all the other items set forth in the General Allegations of  
6 this complaint.

7 344. Defendant MURPHY did not properly portray the statistics associated with  
8 prior RELIANT'S investments concerning RELIANT'S ability to be accurate in its life  
9 expectancy estimates after a decade of being in business. MURPHY did not portray  
10 truthfully or allow to be portrayed truthfully what happens when premium reserves are  
11 exhausted leaving no funds to pay premiums.

12 345. Defendant MURPHY failed to provide the required information to mandated  
13 by Cal Corporate Code §25102(q) where an issuer must provide the information required  
14 in Corporate Code §25102(q) (3) (A—G)-especially omitted were the names of directors,  
15 officers, partners, members, or trustees of the issuer. In effect Defendants fail to explain  
16 who owned and operated RELIANT as required by law.

17 346. DEFENDANT MURPHY knowingly made the above statements and  
18 representations, He knew they were false and/or that they were part of an elaborate  
19 concealment of essential information that Raymond E. Douglass and other investors were  
20 entitled to know and needed to know to make an investment in this product. This  
21 concealment amounted to concealing material facts, resulting in the investments being  
22 portrayed in a false light. It was improper, deceitful, or negligent conduct for  
23 DEFENDANT MURPHY to take Raymond E. Douglass' money under the circumstances  
24 set forth in this Complaint. If Defendants did not know the above was false or misleading  
25 they should have.  
26  
27  
28

1        347. Selling securities and/or an investment opportunity such as MURPHY did  
2 under the above pretenses or while omitting material facts is a deception and involved  
3 misrepresentation of material facts in violation of Corp Code §25401.

4        348. Raymond E. Douglass relied upon the above misrepresentations or lack  
5 thereof to make investments in RELIANT Life Settlements. This reliance was reasonable  
6 and justified based upon the circumstances.

7        349. By reason of the above, Raymond E. Douglass is entitled to rescission and  
8 damages, and or the damages set forth in Civil Codes §25501 or 25501.5, or according to  
9 all remedies available by law.

10        350. Defendant MURPHY's conduct was in reckless disregard for the rights and  
11 safety of Raymond E. Douglass and Plaintiff. Said conduct constitutes oppression, fraud,  
12 and malice such that punitive and / or exemplary damages are appropriate pursuant to  
13 either Civil Code section 3294, section 3345 or both.

14        351. Plaintiffs seek all damages allowed by law for the above-described  
15 wrongdoing including costs of suit, investigation, and attorneys' fees if provided by  
16 statute.

17  
18                    **TWELFTH CAUSE OF ACTION**  
19                    **BREACH OF FIDUCIARY DUTY**  
20                    **(DOUGLASS AGAINST ANDREW MURPHY)**

21        352. PLAINTIFF incorporates by reference all the above paragraphs as though  
22 fully set forth herein as well as all paragraphs from subsequent causes of action.

23        353. Raymond E. Douglass trusted and relied upon RELIANT and its sales staff,  
24 particularly MURPHY, to provide reliable and trustworthy information on life settlement  
25 investments, which is what MURPHY represented was his expertise. A fiduciary duty  
26 was created as between MURPHY and Raymond E. Douglass, who acted like an  
27 investment advisor to him. California law imposes a fiduciary duty on all salesmen of  
28 securities and imposes fiduciary duties on operators of investments, which MURPHY

1 also did in operating RELIANT. If there was not a fiduciary relationship created initially,  
2 one developed after the first RELIANT sale, as from then on, MURPHY used Raymond  
3 E. Douglass as a go-to prospect for various RELIANT products. There was further  
4 fiduciary duties created because Raymond E. Douglass was a vulnerable person with the  
5 above health and dementia problems he was suffering from that were obvious to the sales  
6 persons like MURPHY.

7 354. For all of the reasons set forth in the General Allegations, section of this  
8 complaint and for the reasons set forth in the first cause of action at paragraph 39 (a) –  
9 (s), incorporated by reference, MURPHY violated and breached his fiduciary duties these  
10 sections imposed upon him. MURPHY had no right as a fiduciary to sell these  
11 investments to Raymond E. Douglass and breached fiduciary duties by doing so by not  
12 being candid, open and honest. Further it was a breach of MURPHY's fiduciary duty to  
13 oversell this product to Raymond E. Douglass putting him into an overconcentration  
14 position and selling product not suitable for him. It was also a breach of fiduciary duty  
15 for MURPHY to sell these investments to Raymond E. Douglass in Raymond E.  
16 Douglass's diminished, vulnerable capacity and in his challenged health state. No  
17 reasonable salesperson would make these sales to a person in Raymond E. Douglass'  
18 state of mind. Raymond E. Douglass was not of sound mind. His problematic health and  
19 mental state was easily discernible because MURPHY visited him firsthand and therefore  
20 was exposed to his disheveled, filthy living conditions, caused by his compromised health  
21 status. MURPHY saw Raymond E. Douglass 's medication and observed his incoherent  
22 speech, which was a huge red flag MURPHY ignored. MURPHY put his own interest  
23 above his customer, Raymond E. Douglass.

24 355. It was further a breach of fiduciary duties for MURPHY to cause Raymond  
25 E. Douglass to lose access to liquid money by using Raymond E. Douglass's liquid  
26 money to invest in this illiquid product.

27 356. It was a violation of MURPHY's fiduciary duty to sell these products to  
28 Raymond E. Douglass just to make a sale or to have a backup prospect over when it was

1 not in the customer's best interest. MURPHY allowed an over concentration and an  
2 unsuitable sale to occur in Raymond E. Douglass' portfolio so MURPHY could  
3 personally benefit and make more money at Raymond E. Douglass' expense. Further  
4 MURPHY knew that Raymond E. Douglass did not have the net worth to justify buying  
5 these RELIANT products that MURPHY sold Raymond E. Douglass. MURPHY knew  
6 these investments which he sold to Raymond E. Douglass would saddle Raymond E.  
7 Douglass and his heirs with future unknown and escalating premiums that would be  
8 burdensome and not in their best interest, yet MURPHY made the sales anyway to make  
9 more income for himself.

10 357. The above breaches of fiduciary duty includes the conduct set forth in the  
11 General Allegations of this Complaint and in the first cause of action at paragraph 39 (a)  
12 – (s), incorporated by reference.

13 358. The above-mentioned breaches of Fiduciary duties by MURPHY are the  
14 direct and proximate cause of harm to PLAINTIFF, including the loss of Raymond E.  
15 Douglass' investment.

16 359. By reason of the above breach of Fiduciary duties, PLAINTIFF seeks all  
17 damages allowed by law and/or the return of all money Raymond E. Douglass' invested  
18 plus interest, reimbursement of professional services needed to unravel the matter, and  
19 pain, suffering and mental suffering. PLAINTIFF also seeks pain suffering and mental  
20 anguish caused by the above.

21 360. MURPHY's conduct was in reckless disregard for the rights and safety of  
22 PLAINTIFF, and constitutes oppression, fraud, and malice such that punitive damages  
23 are appropriate and requested.

24 **THIRTEENTH CAUSE OF ACTION**

25 **FINANCIAL ELDER ABUSE**

26 **(DOUGLASS AGAINST MURPHY)**

27 361. PLAINTIFF incorporates by reference all the above paragraphs as though  
28 fully set forth herein as well as all paragraphs from paragraphs from subsequent causes

1 of action.

2 362. As an “elder,” within the meaning of Welf. & Inst. Code § 15610.27, Plaintiff  
3 Raymond E. Douglass is an Elder Abuse entitled to the heightened rights and special  
4 statutory protections provided by California’s Elder and Dependent Adult Civil  
5 Protection Act set forth in Welf. & Inst. Code § 15600 et sec.

6 363. Under Welf. & Inst. Code § 15610.30, a person is liable for financial elder  
7 abuse for assisting financial elder abuse if they obtained the elder’s property when they  
8 knew or should have known that the conduct is likely to be harmful to the elder, including:  
9 (1) hiding, taking, retaining, obtaining and/or misappropriating Plaintiff’s property,  
10 which is what has been alleged in this Complaint, or (2) by the Defendants like MURPHY  
11 assisting and aiding and abetting Defendants Reliant, Michaels and Grady in harming  
12 Raymond E. Douglass .

13 364. MURPHY’s conduct in selling Raymond E. Douglass these products was a  
14 predatory practice employed to take advantage of a vulnerable elderly person for his own  
15 financial gain or if not intended to do so, it had that effect, and after knowing this,  
16 MURPHY kept doing it, implying a total purposeful intent to take advantage of, instead  
17 of protecting Raymond E. Douglass.

18 365. For reasons alleged and due to MURPHY’s visits to Raymond E. Douglass’  
19 home and its state of affairs and Raymond E. Douglass’ obvious health issues and obvious  
20 inability to carry on a train of thought, MURPHY had notice Raymond E. Douglass was  
21 older and was vulnerable. To make a sale, or supervise a sale which MURPHY did many  
22 times, he would have access to date of birth which is required information on qualifying  
23 documents for making sales. Despite being in possession of the above facts and  
24 information, Defendant MURPHY knowingly assisted, aided, and abetted Reliant,  
25 Michaels and Grady and himself in committing Financial Elder Abuse on Plaintiff  
26 Raymond E. Douglass.

27 366. The conduct of MURPHY, aided and abetted by Reliant, Michaels and  
28 Grady, was in reckless disregard for the rights and safety of Raymond E. Douglass and

1 proximately caused economic and non-economic damages to Raymond E. Douglass .

2 367. The damages to Plaintiff Raymond E. Douglass for the above are to be  
3 trebled, and attorney's fees allowed by statute. Defendants MURPHY's conduct was in  
4 reckless disregard for the rights and safety of the Raymond E. Douglass ' and therefore  
5 constituted oppression, fraud, and malice such that exemplary damages are appropriate  
6 and requested under either Civil Code sections 3294 or 3345 or both.

7 **FOURTEENTH CAUSE OF ACTION**

8 **SELLING UNREGISTERED SECURITIES AND INSURANCE**  
9 **(DOUGLASS AGAINST MURPHY)**

10 368. PLAINTIFF incorporates by reference all the above paragraphs as though  
11 fully set forth herein as well as all paragraphs from subsequent causes of action.

12 369. The above-mentioned facts show, and it is alleged that the DEFENDANT  
13 MURPHY sold Raymond E. Douglass unregistered or unqualified securities in violation  
14 of Corporations Code, particularly §§ 25110, 25130, & 25102(q), and/or in violation of  
15 other provisions of federal law requiring registration of securities. As described above,  
16 DEFENDANT claimed exemptions that did not exist as the excuse for having an  
17 unregistered security.

18 370. It was below the standard of care for a seller to sell unregistered securities in  
19 this manner. When an unregistered security is sold, the transaction must be unwound, and  
20 rescission be mandated and/or damages allowed.

21 371. By reason of the above, DEFENDANT MURPHY is liable to PLAINTIFF,  
22 and PLAINTIFF is entitled to get the money back through rescission or damages for  
23 violating the allegations of this cause of action.

24 372. It was also improper, illegal, deceitful, or negligent to sell unregistered or  
25 unqualified securities to Raymond E. Douglass and take Raymond E. Douglass' money  
26 under these circumstances.

27 373. By reason of the above, and as a proximate result of selling unregistered or  
28 unqualified securities, PLAINTIFF has been harmed because if the securities were

1 registered or qualified, there would have been more protections and disclosures provided  
2 to allow an investor to make a more informed investment decision. Even if PLAINTIFF  
3 would have been no better off, DEFENDANT'S failure to register or qualify this security  
4 automatically allows for damages or rescission with or without showing prejudice. It is  
5 illegal and against the law to sell unregistered or unqualified securities. By reason of the  
6 above, PLAINTIFF is entitled to rescission and damages. PLAINTIFF seeks  
7 PLAINTIFF's money back with interest thereon. Additionally, PLAINTIFF seeks all  
8 damages allowed by law for DEFENDANT'S selling unregistered/unqualified securities  
9 including that they be trebled as allowed by Ca. C.C.P. 1029.8.

10 374. By reason of the above-mentioned conduct, PLAINTIFF is entitled to treble  
11 damages and attorneys' fees and costs at the discretion of the Court, which PLAINTIFF  
12 requests.

13 375. DEFENDANTS' conduct was in reckless disregard for the rights and safety  
14 of PLAINTIFF and constitutes oppression, fraud, and malice such that punitive damages  
15 are appropriate, and hereby requested.

16 376. PLAINTIFF seeks attorney fees as provided by the parties' contract and also  
17 by statute.

18 **FIFTEENTH CAUSE OF ACTION**

19 **NEGLIGENCE**

20 **(DOUGLASS v MURPHY)**

21 377. PLAINTIFF incorporates by reference all the above paragraphs as though  
22 fully set forth herein as well as all paragraphs from subsequent causes of action.

23 378. PLAINTIFF Raymond E. Douglass trusted and relied upon RELIANT and  
24 its sales staff, particularly MURPHY, to provide a reliable and trustworthy investment  
25 advice. MURPHY breached it by violating the items set forth in the first DOUGLAS V.  
26 MURPHY cause of action at paragraph 39 (a) – (s), incorporated by reference.

27 379. For all of the reasons set forth in the above paragraph, MURPHY acted below  
28 the standard of care in selling these investments or allowing RELIANT to sell these

1 investments to Raymond E. Douglass. These investments were not suitable for Raymond  
2 E. Douglass. It was negligent for MURPHY to sell these investments to Raymond E.  
3 Douglass in his diminished mental state and health challenged state of health. No  
4 reasonable and ethical salesperson would make these sales to a person in Raymond E.  
5 Douglass' state, which was not a sound mind, and especially when said fact was easy to  
6 discern because MURPHY was exposed to Raymond E. Douglass' disheveled, filthy  
7 living conditions, and his rambling discourse.

8 380. It was negligent for MURPHY to cause Raymond E. Douglass to lose access  
9 to liquid money by facilitating Raymond E. Douglass to invest that money into the  
10 RELIANT investments that did not allow Raymond E. Douglass' to have any access to  
11 his money.

12 381. It was negligent for MURPHY to sell these products to Raymond E. Douglass  
13 just to make a sale or to have a backup prospect in the wings when a sale was not in the  
14 customer's best interest.

15 382. MURPHY was negligent to allow Raymond E. Douglass to be over  
16 concentrated in life settlement investments. MURPHY sold more life settlement  
17 investments that caused Raymond E. Douglass to have an over concentrated portfolio of  
18 life settlements. Raymond E. Douglass did not have the net worth to justify buying these  
19 RELIANT products that MURPHY sold Raymond E. Douglass. These investments  
20 needlessly saddled Raymond E. Douglass and his heirs with premiums that were not in  
21 their best interest, yet MURPHY made the sales anyway to make more income for  
22 himself, at the expense of Raymond E. Douglass and his heirs. MURPHY was not  
23 properly licensed to sell these investments himself.

24 383. It is also negligent and below the standard of care for MURPHY to sell an  
25 investment that is not suitable to Raymond E. Douglass when he was not of sound mind  
26 and good mental health and being too old to take advantage of this kind of investment.

27 384. It was negligent for MURPHY to sell RELIANT products to Raymond E.  
28 Douglass for all of the reasons set forth in the Raymond E. Douglass General Allegations

1 set forth above.

2 385. The above negligence of MURPHY was the direct and proximate cause of  
3 harm to Raymond E. Douglass. It directly caused Raymond E. Douglass and now his  
4 trustee, the Plaintiff herein, to lose all the money which is the subject of this suit.

5 386. By reason of the above Negligence, PLAINTIFF seeks all damages allowed  
6 by law and/or the return of the money. This includes pain, suffering and mental suffering  
7 caused thereby and cost of suit.

8  
9  
10  
11  
12 ///

**PLAINTIFFS' PRAYER FOR RELIEF FOR THEMSELVES AND THE CLASS**

Wherefore, Reed Plaintiffs, on their own behalf and on behalf of the Class, pray for:

1. First and Second Causes of Action for Negligence **against Reliant Defendants:**

(i) General and special damages pursuant to Civil Code §3281 according to proof at trial;

(ii) Prejudgment interest pursuant to Civil Code §3287.

2. Third Cause of Action for violation of Corp Code §§25401 and 25501 **against Reliant Defendants:**

(i) General and special damages pursuant to Civil Code §3281 according to proof at trial.

(ii) Prejudgment interest pursuant to Civil Code §3287

(iii) Punitive and Exemplary Damages pursuant to Civil Code §3294.

3. Fourth Cause of Action for Breach of Fiduciary Duty **against Reliant Defendants:**

(i) General and special damages pursuant to Civil Code §3281 according to proof at trial.

(ii) Prejudgment interest pursuant to Civil Code §3287;

(iii) Punitive and Exemplary Damages pursuant to Civil Code §3294.

4. Fifth Cause of Action – Financial Elder Abuse **against Reliant Defendants:**

(i) General damages, special damages and attorney's fees and costs pursuant to Welf. & Inst. Code § 15600 et seq.;

(ii) Punitive and exemplary damages pursuant to Civil Code 3294 or 3345 or both

(iii) For reasonable attorneys' fees and costs;

5. Sixth Cause of Action – Unfair Business Practices **against Reliant Defendants:**

(i) An order, ordering Reliant Defendants, their agents, servants, and

employees, and all persons acting, directly or indirectly, in concert with them, to restore all funds acquired by means of any act or practice declared by this Court to be unlawful, unfair, or fraudulent and therefore constitute unfair competition under Section 17200, et seq. of the California Business and Professions Code;

- (ii) For injunctive relief pursuant to California Business & Professions Code §17203, consisting of, inter alia: (a) a declaration that Defendants have engaged in unlawful and unfair and fraudulent business acts and practices in violation of California Business & Professions Code §17200, et seq.; (b) a preliminary and/or permanent injunction enjoining Defendants and their respective successors, agents, servants, officers, directors, employees and all other persons acting in concert with them from pursuing the policies, acts and practices complained of herein and prohibiting Defendants from continuing such acts of unfair and illegal business practices;
- (iii) For an equitable accounting; and,
- (iv) Restitution, or restitution like recovery, including, but not limited to, Plaintiffs' principal amounts.

6. Seventh and Eighth Cause of Action for Negligence and Gross Negligence—  
**Against Trustee Defendants:**

- (i) General and special damages pursuant to Civil Code §3281 according to proof at trial;
- (ii) Prejudgment interest pursuant to Civil Code §3287; and

7. Ninth Cause of Action – Breach of Fiduciary Duty **Against Trustee Defendants:**

- (i) General and special damages pursuant to Civil Code §3281 according to proof at trial.
- (ii) Prejudgment interest pursuant to Civil Code §3287;

1  
2 8. Tenth Cause of Action for violation of Corp Code §25504.1 **against Trustee**  
3 **Defendants:**

4 (iv) General and special damages pursuant to Civil Code §3281 according  
5 to proof at trial.

6 (v) Prejudgment interest pursuant to Civil Code §3287

7 (vi) Punitive and Exemplary Damages pursuant to Civil Code §3294.

8 9. Eleventh Cause of Action – Aiding and Abetting Breach of Fiduciary Duty  
9 **Against Trustee Defendants:**

10 e. Aiding and Abetting Breach of Fiduciary Duty

11 (i) General and special damages pursuant to Civil Code §3281 according  
12 to proof at trial;

13 (ii) Prejudgment interest pursuant to Civil Code §3287; and

14 (vii) Punitive and Exemplary Damages pursuant to Civil Code §3294.

15 **FOR ALL CLASS ACTION CAUSES OF ACTION**

16 1. For an order certifying the case as a class action naming Plaintiffs  
17 as Class Representatives and Plaintiffs' counsel as Class Counsel;

18 2. For prejudgment interest;

19 3. For attorneys' fees pursuant to applicable law, including but not  
20 limited to Civ. Code §1021.5;

21 4. For costs of suit; and,

22 5. For such other relief as may be appropriate.

23 **PRAYER FOR ALL DOUGLASS v. MURPHY CAUSES OF ACTION**

24 **WHEREFORE**, Plaintiff Douglass prays for:

25 1. General and special damages pursuant to Civil Code §3281 according to  
26 proof at trial;

27 2. Prejudgment interest pursuant to Civil Code §3287.  
28

3. Exemplary Damages pursuant to Civil Code §3294.

4. For general damages, special damages and attorney's fees and costs pursuant to Welf. & Inst. Code § 15600 et seq.;

5. For attorneys' fees pursuant to applicable law, including but not limited to Civ. Code §1021.5;

6. For costs of suit; and for such other relief as is just and proper.

PLAINTIFFS REQUEST A JURY TRIAL.

Dated: February 15, 2024

**FOLEY BEZEK BEHLE & CURTIS, LLP  
DONAHOO & ASSOCIATES, PC**

By: /s/ Thomas G. Foley, Jr.

/s/ Richard E. Donahoo

Thomas G. Foley, Jr.

Richard E. Donahoo

Counsel for James Reed,Carolynn Reed and as  
Interim Class Counsel for the Class

Dated: February 15, 2024

**MURRIN LAW FIRM**

By: J. Owen Murrin

J. Owen Murrin

Counsel for Gwendolyn Douglass as Trustee of  
RAYMOND E. DOUGLASS REVOCABLE  
TRUST, executor of Raymond E. Douglass'  
estate, and as successor in interest

*James Reed, et al. v. Reliant Life Share, LLC, et al.*  
USDC – Central District –Case No. 2:23-cv-08577-SB-AGR

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action. My business address is: 440 West First Street, Suite 101, Tustin, CA 90720

On March 15, 2024, I served the foregoing document(s) described as:

**SECOND AMENDED COMPLAINT**

( ) BY MAIL - As follows: I am “readily familiar” with the firm’s practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. Postal Service on that same day with postage thereon fully prepaid at Irvine, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

(X) BY E-MAIL – I caused a true copy of the foregoing document(s) to be served by electronic email transmission at the time shown on each transmission, to each interested party at the email address shown below. Each transmission was reported as complete and without error to the following email addresses:

Thomas G. Foley, Jr.,  
SBN 65812  
Kevin Gamarnik, SBN  
273445  
FOLEY, BEZEK,  
BEHLE & CURTIS,  
LLP  
15 West Carrillo Street  
Santa Barbara, CA 93101  
Telephone: (805) 962-  
9495  
Facsimile: (805) 962-  
0722

David A. Berkley (Bar No.  
260105)  
Elizabeth Campbell  
(admitted *pro hac vice* in  
*Reliant Life Shares v.*  
*Daniel Cooper, et al.*  
*LASC Case No.*  
*BC604858*)  
**WOMBLE BOND**  
**DICKINSON (US) LLP**  
400 Spectrum Center Dr,  
Suite 1700  
Irvine, CA 92618

Email:  
[tfoley@foleybezek.com](mailto:tfoley@foleybezek.com)  
[kgamarnik@foleybezek.com](mailto:kgamarnik@foleybezek.com)  
*Attorneys for Plaintiff  
James Reed and Carolyn  
Reed*

J. Owen Murrin SBN  
75329  
7040 E. Los Santos Drive  
Long Beach, California  
90815  
Phone: 562-342-3011  
Fax: 562-724-7007  
E-mail:  
[jmurrin@murrinlawfirm.com](mailto:jmurrin@murrinlawfirm.com)  
*Attorneys for Douglass  
Plaintiffs*

Telephone: (714) 557-  
3800  
Facsimile: (714) 557-3347  
Email:  
[David.Berkley@wbd-us.com](mailto:David.Berkley@wbd-us.com)  
Email:  
[Elizabeth.Campbell@wbd-us.com](mailto:Elizabeth.Campbell@wbd-us.com)  
*Attorneys for Receiver  
Christopher Conway*

Richard Walton  
Walton & Walton, LLP  
13700 Marina Pointe  
Drive, Suite 920  
Marina del Rey, California  
90292  
Tel: (310)363-7321  
Fax: (310)464-3057  
Email:  
[rwalton@taxtriallawyers.com](mailto:rwalton@taxtriallawyers.com)  
*Attorneys for Defendant,  
RELIANT LIFE SHARES,  
LLC*

Matthew Orme  
[Matt.orme@dentons.com](mailto:Matt.orme@dentons.com)  
Stephen A. Watkins (SBN  
205175)  
[stephen.watkins@dentons.com](mailto:stephen.watkins@dentons.com)  
DENTONS US LLP  
601 South Figueroa Street,  
Suite 2500  
Los Angeles, California  
90017-5704  
Telephone: (213) 623-

9300  
Facsimile: (213) 623-9924  
*Attorneys for Defendant*  
*BOU Bancorp*

Dean A. Olson  
Clark Hill LLP  
555 South Flower Street,  
24th Floor,  
Los Angeles, CA 90071  
(213) 417-5132 (office)  
(213) 488 1178  
*Attorneys for Defendant*  
*UMB Bank, N.A.*

Christopher Stevens  
Law Offices of  
Christopher Stevens  
1475 Island Avenue #1905  
San Diego, Ca 92101  
Tel. (310) 990-0459  
[cms@cmoorestevens.com](mailto:cms@cmoorestevens.com)  
*Attorneys for Defendant*  
*Scott Grady*

(X) FEDERAL - I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

/s/ Richard E. Donahoo